

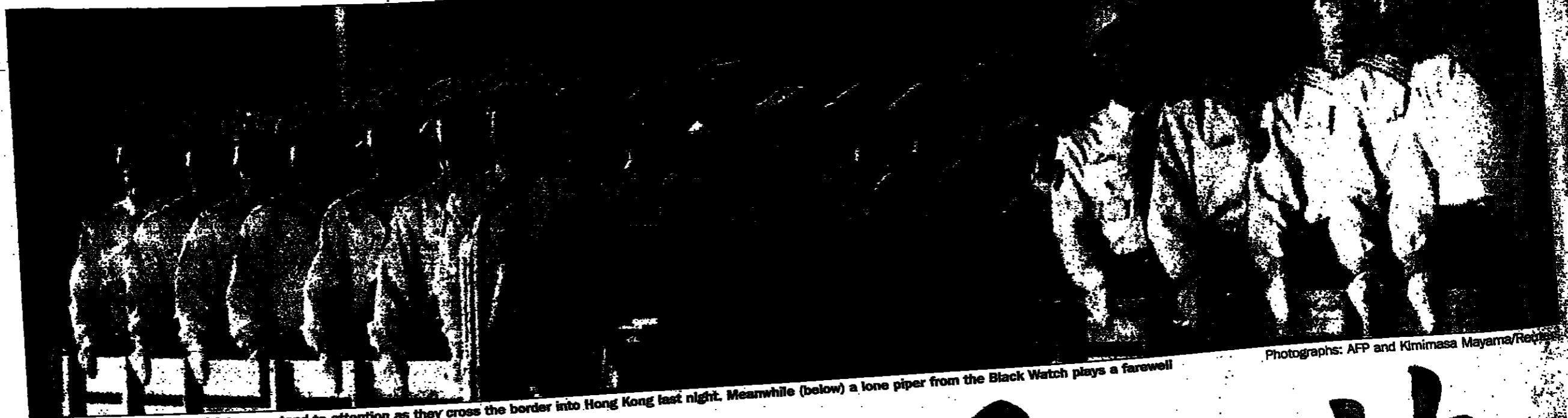
THE INDEPENDENT

TUESDAY 1 JULY 1997

WEATHER: Cloudy with showers

(R45p) 40p

Nº 3387



Rolling in and piping out: PLA troops stand to attention as they cross the border into Hong Kong last night. Meanwhile (below) a lone piper from the Black Watch plays a farewell

Photographs: AFP and Kimimasa Mayama/Reuters

再見香港 (Goodbye Hong Kong)



Steve Crawshaw
Hong Kong

Never has there been such an extraordinary end to British rule, full of so many mixed emotions. As the first deafening fireworks exploded over Victoria Harbour yesterday evening to celebrate the handover of Hong Kong, the first pro-democracy banners were already being unfurled.

At the midnight ceremony where independence for the former colony was simultaneously granted and removed, Chinese and British flags fluttered photographically in an artificial indoor breeze. The Prince of Wales told the assembled VIPs in Hong Kong's convention centre: "We shall not forget you, as you embark on this new era of your remarkable history." But Hong Kong knew that its battles would be its own.

Minutes after its return to China was complete, the leader of Hong Kong's most popular party spoke from the balcony of the legislative council building - a council from which the democrats have been excluded in the new Hong Kong. Martin Lee, leader of the Democratic Party, described this as "a very happy day". But he told the cheering crowds: "Hong Kong ruling Hong Kong does not just depend on whether China gives that to us. We must all struggle together."

At the stroke of midnight, a British guard of honour handed over the Prince of Wales barracks, Britain's former military headquarters, to a small group of officers of the People's Liberation Army. Then, at dawn this morning, thousands of Chinese troops were due to pour into the territory, by ship, helicopter and armoured car. Some Hong Kongers, especially in the villages of the New Territories, were waiting to greet the arriving soldiers as conquering heroes, with flowers, flags and speeches. But others were less enthusiastic. Mr Lee pointed out: "Now we're part of China, so we don't need troops to protect us from China. Is it the intention to intimidate Hong Kong citizens into silence?"

In Peking, thousands of police cleared Tiananmen Square to allow the official celebrations to take place. The authorities, apparently worried that people might start chanting slogans about democracy instead of slogans of joy about Hong Kong, banned spontaneous demonstrations of any kind.

At Britain's early-evening farewell ceremony, accompanied by a Hong Kong downpour (traditionally supposed to bring good luck), Mr Patten declared: "Today is a cause for celebration, not for sadness." Hong Kong had originally become British in circumstances that

attended by President Jiang Zemin. Each of them spoke their non-native Mandarin Chinese, as spoken in Peking. Anson Chan, the respected chief secretary who has retained her post as number two in Hong Kong, was among those who may have felt a twinge of queasiness at the oddness of her situation - being sworn in, with the blessing of Communist leaders whose commitment to democracy and human rights has been proved to be slight.

The bewigged judges were sworn in, in the presence of the Communist leaders. Even more bizarrely, while the Hong Kong Chinese judges had to speak Mandarin at the ceremony, the territory's English-speaking judges had a separate swearing-in, in English.

A little after that came the swearing-in of the new legislature - until now, known as the provisional legislature. Their speedy promotion ended a legal vacuum, and allowed the new legislative council, consisting of appointees acceptable to Peking, to overturn laws which had been passed by the outgoing elected assembly. Robin Cook, the Foreign Secretary and Madeleine Albright, the US Secretary of State, both boycotted the swearing-in of the new legislature - but later decided to send diplomatic representatives, to the anger of the democrats.

Yesterday's events marked a giant leap into the unknown. It is possible to analyse, to guess, to argue. But the reality is that nobody - not Britain, nor Hong Kong, nor China - knows what will happen next.

Already, there have been many signs that Peking wants to erode freedoms which it regards as dangerous. In the words of the elected but unelected democrat, Christine Loh: "It's like a headache. Not a migraine that flatters you, but a dull, thudding headache that bothers you all the time." The new chief executive, Tung Chee-hwa, has promised elections for next May. But the terms of the elections are still unclear. President Jiang spoke enigmatically of the need to "gradually develop a democratic system that suits Hong Kong's reality". One interpretation was that the system which had allowed democrats to be elected did not suit Hong Kong's reality.

They are mortally afraid of the knock-on effect of incorporating feisty and irreverent Hong Kongers into the People's Republic of China, where respect for the regime is compulsory. Only in the years to come will anybody know how Hong Kong will be changed by China, or if Communist China has more to fear from Hong Kong's own home-grown democracy.

Ms Loh, leader of the Citizens Party, was hopeful. "My greatest fear is that we go back into the colonial mode of just being bystanders. But there's a core of Hong Kong spirit. I know what it is, because I'm living it. Those freedoms are tasted at the edges. And people here are getting more and more vociferous."

It is not the kind of remark that the new sovereign power wants to hear.

Inside

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"none of us here would seek to condone". But Mr Patten, praising Hong Kong's vibrancy, spoke of his confidence in its "promise and unshakeable destiny". There was prolonged cheering and applause for Mr Patten as he sat down, leaving him apparently close to tears.

The Chinese President, Jiang Zemin, and the Prime Minister, Tony Blair, met for talks which Mr Blair described as opening "a new chapter" in relations between the two countries.

At 1.30am local time, Tung Chee-hwa and then the rest of his new government was officially sworn in, at a ceremony

Soaking June set to drench all records

Alexandra Williams

Drought warnings were issued last night even though this month will probably enter the record books as the wettest June this century.

The Environment Agency was quick to highlight the country's water shortage after another miserable day in many parts of the country, while weather officials could not rule out the possibility that it will be the wettest June for 118 years.

In June 1879, there was 137mm of rain and 129mm in 1982. By 10am yesterday only 2.6 mm more rain was needed for June 1997 to slot into the record books as the wettest this century.

Andy Yeatman, spokesman for The Meteorological Office in London, said: "My suspicion is that June will break the 1982 record. The figures date back to 1777 and are derived by averaging the rainfall recorded at a number of sites across England

and Wales. Rainfall readings for the 24 hours ending at 10am on Tuesday will be included in the June rainfall total. That's when we'll know the grand total.

"Eastern England has experienced some rain today. There's been little elsewhere but I wouldn't rule out June breaking the 1879 record as well."

The Environment Agency's Director of Water Management, Dr Geoff Mance, said: "We are still effectively missing six months of winter rainfall

which is essential for refilling groundwater supplies. The areas that rely on groundwater are still suffering from drought.

"The rainfall has been welcome and played an important role in reducing customer demand. People haven't had to water their gardens and in fact demand has reduced so much over the last month that it is now at the same level that it was 20 years ago."

Although June was the wettest month since January

1995, the period between April 1995 and March this year was the driest two year period for more than 200 years.

Essex and Suffolk Water customers are still being told to conserve their water. Last night the company said that there were no plans to lift hose and sprinkler bans enforced on 12 June.

Southern Water kept its sprinkler ban despite 99-year-old rainfall records being broken in Hove, Sussex.

COUNTDOWN TO MELTDOWN

NUCLEAR STRIKE

The Handover is complete. Stop the War Before it Begins.



X-rated Internet
British experts will next week propose cinema-style ratings for Internet sites to a meeting of European ministers, with the backing of the US and Australia.

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هكذا من الاعمال

The author Jilly Cooper (right) and other literary names were behind the tills as well as on the shelves at Hatchards bookshop in Piccadilly, central London, yesterday, to celebrate the royal bookseller's 200th anniversary, writes Louise Jury. Antonio Carluccio, the restaurateur, was in cookery on the third floor, and Sebastian Faulks could be spotted in biography on the ground floor. The bookstore has had celebrations underway for some time with its annual authors of the year party in May attended by authors such as AS Byatt, Hammond Innes, PD James and Salman Rushdie.

Photograph: Tony Buckingham



Authors brought to book over missing deadlines

Louise Jury

It was a move likely to send a shiver down the spine of every author in the land. The American division of HarperCollins has cancelled 70 books because the writers missed their deadline.

Though the publishers' British arm was insisting yesterday that no such drastic action was contemplated here, the very notion gave some literary agents and writers apoplexy. Missed deadlines have been long regarded as par for the course.

David Godwin, agent for writers including Ben Okri and current bestseller Arundhati Roy, said what had happened in America was "extraordinary, shocking, ridiculous".

"Nearly all authors are late. Probably 10 per cent are on time, but most are late for all kinds of perfectly obvious reasons," he said. "It would be catastrophic to have that kind of rule of thumb. It's just an excuse - they are just trying to get rid of most of their books."

Certainly the company in America has been having a tough time. It posted losses of around £4.3m for the last quarter of the financial year.

In Britain, it has, like many publishers, been cutting back its lists of new titles in recent years from a peak of 600-700 to 500 now. However, it still points proudly to a list of authors from Jeffrey Archer to JG Ballard and Jung Chang.

Giles Gordon, agent for Fry Wel-

Better late than never? Four authors in the slow lane



SIR EDWARD HEATH

Has toyed with the idea of memoirs since leaving office in 1975. He signed a contract with Weidenfeld in 1985, but no book has been forthcoming. This year signed a new contract with Hodder Headline.



NORMA MAJOR

She admitted that probably her time of greatest anxiety was when she was writing her book about Chequers. "I felt very pressured by deadlines passing."



DOUGLAS ADAMS

The author of *The Hitchhiker's Guide to the Galaxy* is notorious for needing bullying to produce. His editor, Sue Freestone, moves in to his home to oversee writing when deadlines loom.



SHIRLEY CONRAN

Earlier this year, she announced she was suing her publishers for alleged breach of a £750,000 contract. She said she had agreed two postponements for her new novel, but made the final deadline. They thought she was four days late.

its lists like the American division of HarperCollins.

"Books do get cancelled and it's very frustrating and difficult for authors," he said. But traditionally the publisher-author relationship was considered "crucial" and publishers tried not to upset it.

"Things have changed a lot though. There used to be great talk about loyalty. But the whole state of publishing is in such flux that publishers are no longer loyal to authors so authors move about more than they did."

Alice Thomas Ellis, the novelist, said she was good at deadlines when she was writing journalism. Books were a different matter.

"I had to run like hell with *A Welsh Childhood*. I was idling along and then the deadline started to loom," she said.

About 18 months ago, she agreed to write a new book that was due this November. She has written a page and a half and has to go to Mexico for some research. It will be late.

Tony Lacey, publishing director of Penguin, said his company had some contracts that went back as much as seven or eight years. Some authors were notorious for their tardiness.

Academic publishing was less concerned about deadlines because the advances were small therefore there was less money outstanding. Deadlines were more of an issue with big advances. "Throwing the money out there into a hole is a bit alarming."

So you don't like Mondays? It's all in your mind

Jojo Moyes

The grumpy mood and inability to get out of bed that characterises many people's Monday mornings may be all in the mind, according to a new study.

Research to be discussed at the annual meeting of the Royal College of Psychiatrists, which begins today, found that people who believe that they will suffer from the "Monday Blues" are more likely to experience them.

Giles Croft, a 24-year-old medical student who designed and carried out the study, set up three sample groups of 22 people. One group received a copy of a "report" entitled: "Monday Blues - The Myth", which refuted the existence of Monday-related depression and, using graphs, emphasised that it was no different to any other weekday.

The second received a report entitled "Monday Blues - Here to stay", emphasising the bad moods associated with Mondays and illustrated with a graph "proving" this. The third group received nothing at all.

All participants also wrote a "daily mood diary" for two weeks, in which they wrote measures of how they had felt and ranked days of the week retrospectively in terms of feelings.

"We used the 'Monday blues' because they're not a recognised phenomenon. We used them because I thought I would be able to manipulate people into thinking they did or didn't exist," Mr Croft said.

The results showed that on Mondays the "anti-blues" group reported significantly more positive feelings (enthusiastic, inspired and strong) than the "pro-blues" group. When average scores for each day were ranked, the "pro-blues" group rated Monday as the worst day of the week, while the "anti-blues" did not.

The manipulation appears to have worked for concurrent reports yet when asked to recall how they felt over two weeks afterwards each group came back saying Monday was the worst.

They persuaded themselves with hindsight. "Mr Croft concluded that direct manipulation of expectations can affect mood. This, they say, could have implications for the way people see themselves in clinical situations, for example, their expectations of illness. It also shows, they say, the 'relative unreliability' of retrospective self-reports of mood."

Hold on a second; this is the year's longest. And it matters

Charles Arthur
Science Editor

Despite appearances, today is the longest day of the year. Whereas every other day simply has 24 hours, today has a total of 24 hours and 1 second.

Due to the Earth's slowing rotation, alert insomniacs awake at 1am this morning would have heard six pips, rather than five, before the long pip at the hour. The extra second was added on at the same time across the world, so that satellite systems and high-speed data links

would not find themselves out of step, depending on their time zone.

Without such coordination, navigation equipment could become catastrophically misaligned, leading airplanes to fly far off course. Happily, the adjustment also

means that the millennium will occur on time.

While the need for the extra "leap second", added on at 0000 GMT, might not have been obvious with older timepieces, modern atomic caesium clocks are so accurate - to less than one second in

300,000 years - that they can detect the varying rotational speed of our planet, caused by the interaction of tidal "friction" from the Moon, and the fluid composition of the Earth's core.

The International Earth Rotation Service, based at the Paris Observatory, determines from time to time that an extra second must be added to the time. Today's was the 21st leap second to be introduced since the caesium-based "Universal Coordinated Time" (UTC) was adopted in 1972.

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PLUS GREAT DEALS ON UK RENTALS

BA tries to head off a second strike

Talks are to be held aimed at averting a second strike at British Airways after a second group of workers voted to walk out.

While hopes rose of a peace formula to head off industrial action by the airline's ground staff, cabin crew made a call for 72-hour strikes. The recommendation, made at a meeting near Heathrow Airport, will be put to the Transport and General Workers' Union general secretary, Bill Morris, for approval today. A union spokesman said the

But cabin crews are planning to start disrupting flights from next week, says **Barrie Clement**

mood of the branch members was "determined".

Robert Ayling, chief executive of BA, said last night that he was prepared to discuss the terms and conditions of employees at the company's catering division which is to be sold off.

The union earlier in the day announced that 4,150 of its BA airport workers had voted for strikes in protest at the sell-off with 2,485 against in a turnout

of nearly 70 per cent. Mr Ayling refused to rule out negotiations on a pay and conditions deal imposed on stewards and stewardesses which prompted a 70 per cent vote by cabin crew for action. But prospects for such talks seemed to be less likely.

Mr Morris pointedly re-announced that calls for strikes by cabin crew staff would not be irrevocable and simply constituted a recommendation. Mr

Morris reserved the right to take the final responsibility. That could mean action being suspended while talks took place.

Mr Ayling welcomed a letter from the transport union leader which paved the way for talks over the dispute involving ground staff. He said the company had been calling for discussions on the catering sell-off since 17 April and saw no reason why there should not be a

"sensible agreement within the next couple of days". He believed he enjoyed "a good personal relationship" with Mr Morris.

While not ruling out negotiations with cabin crew, he repeated his assertion that their representatives had walked out of talks and pointed out that the minority union, Cabin Crew '89, had accepted the formula. He called on BASSA, the cabin

crew section of the transport union, to put aside "militant language" and discuss its future relationship with BA.

If either of the strikes went ahead, Mr Ayling said the airline was determined to keep services operating "as normally as possible", but it was too early to assess what kind of impact industrial action might have on the timetable.

George Ryde, national offi-

cial of the TGWU, said the 62.5 per cent strike vote by the airline's airport workers, was exceptional given the "furious pressure and intimidation" they had suffered at the hands of management. He accused the company of industrial "terrorism".

Managers had told his members that they had been instructed to threaten them with dire consequences if they opt-

ed for walkouts. He warned that there could be safety implications if newly recruited strike breakers helped to operate aircraft. The £300 a day some of them had been offered, would be welcomed by his own members.

Mr Ryde called on the company to negotiate "in an adult and mature way" so that the threat of strikes could be lifted.

The T&G official warned that the action would not be limited to Britain and that he had elicited support from abroad.

Behind the wire, loyal staff learn the airline's secret strategy to break a union

Barrie Clement

If British Airways is hit by industrial action, management will have considerable difficulty in emulating the industrial coup de grace delivered by Rupert Murdoch at his Wapping plant more than a decade ago.

Despite dismissing 5,000 of his print workers, Mr Murdoch produced all four of his newspapers with the help of a "ghost" army of new recruits. Robert Ayling, chief executive of BA, has already lined up a large group of temporary workers to keep the airline's flag flying and with the help of managers and non-strikers will doubtless be able to provide a timetable of some sort if cabin crew and ground staff walk out. Unlike the media baron, however, there is little chance of a full service from day one.

Apart from the attentions of pick-



Flying squad: British Airways managers are learning how to stow baggage and tow planes into position at an RAF base at Wroughton in Wiltshire

Photograph: Chris Jones

ets and the inevitable delays caused by inexperienced staff. Mr Ayling will be unable to control the activity, or lack of it, of airport workers abroad.

The Transport & General Workers Union has spent much of the last year garnering support from foreign unions - especially in the USA and Europe. The International Transport Workers' Federation argues that even if BA aircraft are loaded and take off from Heathrow and Gatwick, they could well find that there is no one at their destination

to unload the plane or refuel it.

Workers in most other developed countries are unfettered by laws banning secondary action introduced by the last government. In many cases there would be no means of forcing reluctant employees to process BA flights.

Management's best hope would be that the international pledges of support fail to materialise as they have in most other industrial conflicts.

While George Ryde, national official of the transport union, has been

soliciting solidarity abroad, the airline has made its own detailed preparations under the so-called "snow plan". As revealed last December by *The Independent*, some 1,600 managers - about half the total at Heathrow - have been trained to break the strike. Many of them have been taken to RAF Wroughton, Wiltshire, where they have been shown how to stow baggage and freight and tow planes into position.

The "snow plan" was originally conceived as a means of providing

between 50 and 75 per cent of services during severe weather. Under "snow plan Mark II" managers will be charged with keeping a limited timetable operating. Documents seen by this newspaper showed managers would need to work as ground staff for between four and six weeks until contractors could be brought in.

It is also thought that the company has been training new cabin crew. While under normal conditions it takes six weeks to prepare stewards and stewardesses for flights, the ba-

sic safety skills can be imparted within a week, although fresh recruits would have to work under the supervision of experienced personnel. With the help of members of Cabin Crew '89, an organisation which broke away from the TGWU, the airline could keep aircraft in the air.

Senior managers have told members of the smaller union and non-trade unionists that they would attempt to ensure protection against over-zealous pickets and offer means

of smuggling themselves into work.

In a ploy reminiscent of the Wapping dispute, strike breakers were also promised secret collection points for coach services. Others will have taxi fares of up to £75 paid and those who chose to use their own vehicles have been assured that car parks would be guarded.

If the dispute goes ahead the determination to win on both union and management, would ensure that the dispute became quite as bitter as the conflict at Wapping.

Child sex couple fight for right to remain anonymous

Glenda Cooper
Social Affairs Correspondent

A couple convicted of "horrendous" sex crimes against children had their human rights to a private life breached when police informed a caravan site owner that they were living on his site, the High Court heard yesterday.

They were forced off the site as a result with fewer rights than gypsies, left with "no place to run, no place to hide".

The couple, who cannot be named for legal reasons, have had to move house four times in six months. They say that North Wales Police unlawfully leaked their records and are seeking the legal right to keep their identities secret from the public.

The case was heard yesterday in the High Court by Britain's most senior criminal judge, the Lord Chief Justice, Lord Bingham.

ham, sitting with Mr Justice Buxton.

Presley Baxendale QC, for the police, argued that their action amounted to "taking steps to prevent crime". She said police had feared an influx of children into the North Wales caravan site as the holiday season began.

Paedophilia has been a sensitive issue in the area since the murder two years ago of seven-year-old Sophie Hook.

In the case heard yesterday, the couple had originally tried to set up home in Blyth, Northumbria, after being released from prison.

Thwarted there, they moved to Colwyn Bay but were discovered by the press and then moved on to the caravan site. On the 27 March this year, the police informed the site owner of their identity.

Stephen Solley QC, for the

couple, said that this was a "step too far - unjustifiable, unreasonable and unlawful".

He said as a result the couple had "come close to answering the ancient definition of outlaws... devoid of the benefit of law or kings" - in modern parlance they had "nowhere to run, nowhere to hide".

The barrister said it had been "foolhardy" to reveal the identity of the couple in this way in that it could have led to vigilante attacks and the police did not follow them to check on their safety.

"They [the couple] were afraid of personal repercussions. The applicants were very concerned not to be found out by the public as it was potentially dangerous."

The lawyer said the police had acted outside their powers. "They had to use the caravan owner to do what they wanted

to do themselves. They knew they were treading on dodgy ground."

He asked why the police had not instead put the couple under surveillance or instead informed more suitable people.

"There is nothing wrong in principle with informing head teachers or people in that sort of position."

But Ms Baxendale said the case had been "carefully considered at senior level after multi disciplinary discussions". She said the police's motive had been to prevent crime because the couple had presented a "grave risk to the public".

She denied that the police had been motivated by a Not In My Back Yard - Nimby - attitude with both police and other agencies trying to settle the couple in the area rather than making them move out.

Judgement was reserved.

Council gives way to pressure for independent abuse inquiry

Louise Jury

Buckinghamshire County Council yesterday bowed to government pressure and agreed to set up an independent inquiry into the abuse of mentally disabled people in two private care homes.

After long resisting calls for further investigation, the council acted within hours of a stern request from the health minister Paul Boateng who met authority leaders last week.

Mike Appleyard, chairman of the social services committee, said that the issues had been studied by the Department of Health, the Social Services Inspectorate and the Local Government Ombudsman. But they agreed with the minister that "another detailed look at this long-running and complex case may be helpful". The council will set up the inquiry as soon as possible and the results will be published, Mr Appleyard said.

Residents at two homes run by Longcare Ltd in Stoke Poges, Buckinghamshire, were subjected to physical and sexual abuse over a 10-year period.

Angela Rowe, the former co-owner of the homes, was jailed for two-and-a-half years last month for ill-treating residents in her care. Another member of staff was also jailed and another fined. Her husband, Gordon, committed suicide a day before he was due to be charged by police.

Families of victims were severely critical of Buckinghamshire council, which had failed to detect any signs of abuse despite being responsible for regulating the homes.

Mr Boateng was understood to have been unhappy with answers he received from members of the council at the

meeting last week. In his letter to David Shakespeare, the council leader, yesterday, Mr Boateng said there were still lessons to be learned about the way Buckinghamshire had carried out its regulatory powers.

"After my long discussion with your member and officers I remain concerned that the magnitude of the risk to people with learning disabilities receiving residential and other services is not properly appreciated in your authority."

He said an inquiry should examine the decision not to cancel the registration of Longcare immediately the abuse was discovered. It should also look at the adequacy of the current services for people with learning disabilities and the effectiveness and reliability of the regulation of residential care homes.

Mr Boateng said: "I am determined that perseverance and

courage shall be the hallmarks of a regulatory system which must be seen to protect weak or vulnerable people."

The decision was welcomed by Pauline Hennessey, whose late sister Janet Ward was said to have been raped by Gordon Rowe. Mrs Hennessey said: "I'm absolutely delighted. The families feel that an awful lot could be learned from the failures of Buckinghamshire. It's an important step forward for people with learning difficulties for their protection in future."

Kevin Gressall, a solicitor representing several victims who seek compensation, said the families had long wanted an independent inquiry. However, he asked that it should not delay any civil proceedings. The council should not be allowed to use the inquiry as a reason to put off court hearings on the compensation issue, he said.

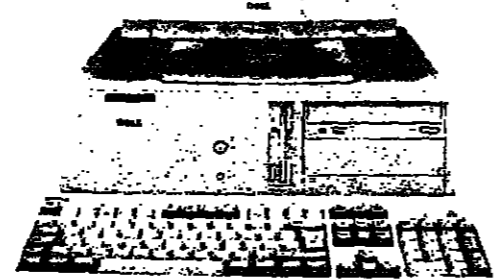
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50 من الاموال

Internet could get cinema-style X-ratings in purge on porn

Charles Arthur
Science Editor

British experts will next week propose cinema-style ratings for Internet sites to a meeting of European ministers, with the backing of the US and Australia.

The move is part of an attempt to censor the level of sexual and violent content that would be available to children over the sprawling global network – though opponents say it could instead lead to the widespread curbs on free expression.

However, David Kerr, chief executive of the privately-funded Internet Watch Foundation, which since December has acted as a clearing-house for reports of obscene material in Britain on the network, is confident that his group has devised an effective form. "The case for ratings is a very strong one, in that it doesn't block anybody's right to speak," he said yesterday.

He will address ministers next Monday in Bonn at the "Global Information Networks" conference. He expects them to "endorse and move forward" the proposals, which are being developed with the Australian Broadcasting Commission (ABC) and RSAC, a commercially-owned US group.

Mr Kerr is also planning to meet ministers at the Home Of-

fice and the Department of Trade and Industry.

Malcolm Hetty, of the Campaign against Internet Censorship in Britain, pointed out that ratings systems can lead to bizarre contradictions: for example, they might prevent children reading a fictional story in which a boxer bites off an opponent's ear, and yet "news" sites could show video clips and reports of Mike Tyson doing just that to Evander Holyfield. "It would rate as highly offensive in a ratings system, but almost every newspaper has decided it's highly newsworthy and put it on the front page."

A ratings system would generally be used by the creator of a web site to put "labels" visible only to computer software detailing the sexual, violent and other age-related content of a site. Parents could set label-reading software to prevent children viewing sites that were rated as too "adult".

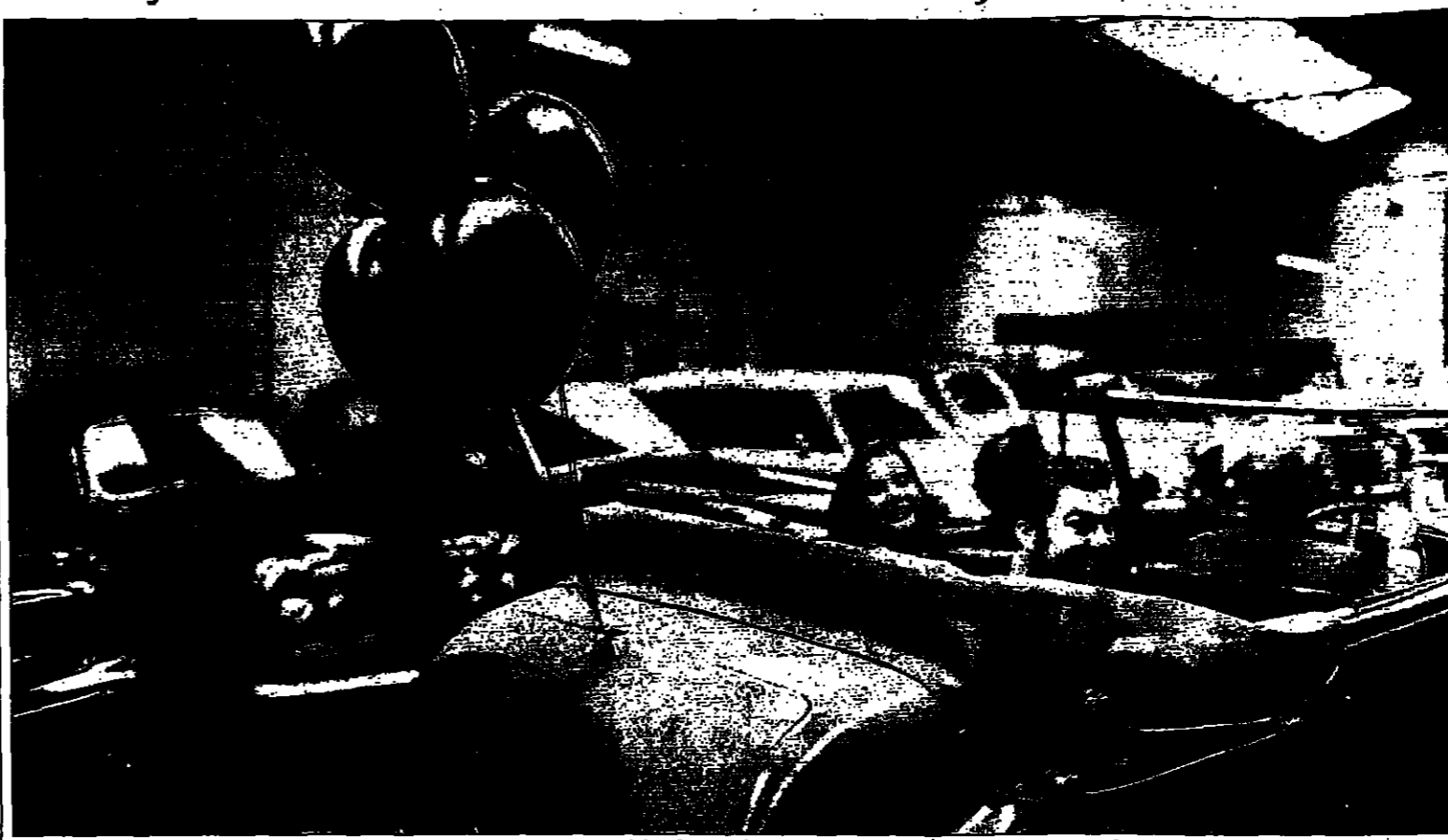
Mr Kerr said the backing of the US and Australia was crucial. "It's not effective to set up a UK system on its own ... but with ABC and RSAC we can get a world approach to ratings."

He admitted that "news" sites could prevent a problem, and added that Internet Watch had already recognised others: "Many Shakespeare plays go beyond the violence and sexual

limits you might set. But there's a way of putting in a 'cultural context' bypass."

Very few sites use ratings are present, as one has never needed a licence to write a web site. There are tens, if not hundreds of thousands of web sites in the UK, but only 1,419 have ratings. Worldwide, only 3,500 are rated, compared to many millions which are not. Mr Kerr said, "Another 150 are rated every day" – but the network's growth means that ratings are falling behind, rather than catching up."

Darcey and a nice little mover head for the Royal Ballet's new home



Vintage mover: Darcey Russell and Stuart Cassidy, gear up for the Royal Ballet's transfer to Labatt's Apollo theatre in Hammersmith, west London Photograph: Laurie Lewis

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BUSINESS JUST GOT AN EDGE.



Too hot: Britain is keen to get backing for Internet censorship to protect children from indecent material

Hillsborough relatives win fresh inquiry

Kathy Marks

It took the screening of a television programme, and a change of government, but yesterday relatives of football fans who died at Hillsborough finally secured a review of how the disaster was handled.

The Home Secretary, Jack Straw, told the House of Commons that Lord Justice Stuart-Smith, a senior Court of Appeal judge, would scrutinise new video and medical evidence relating to the deaths of 96 fans at Sheffield Wednesday's Hillsborough stadium in April 1989.

Mr Straw said that the judge would advise him whether the evidence, which is believed to challenge the police version of events at the stadium, was significant enough for a full public inquiry to be held.

Lord Justice Stuart-Smith would also examine any other material submitted by interested parties, he said, and would identify any relevant evidence for the Attorney General, the Director of Public Prosecutions and the Chief Constable of South Yorkshire police.

Mr Straw's statement followed a long campaign for a fresh investigation by families of the victims, who were invited to London to be briefed by him on details of the review.

The supporters were crushed to death after police decided to open gates to let people into the Leppings Lane terrace at the FA Cup semi-final match between Liverpool and Nottingham Forest.

Mr Straw said: "I hope that this examination will enable us to establish conclusively whether or not material evidence ... has been overlooked. We owe it to everyone touched

by the tragedy, but above all to the families of those who died, to get to the bottom of this matter once and for all."

Despite earlier inquiries, he said, "concerns have remained about whether the full facts have yet emerged". The suffering of relatives had been "exacerbated by their belief that there are unresolved issues which should be investigated further".

The video evidence consists of a tape taken from a surveillance camera trained on the Leppings Lane stand, which shows events between noon and 5.22pm and is believed to be clear enough to identify faces of individual fans. Police told the inquest in 1990 and an inquiry by the late Lord Taylor that they were unaware of the build-up of fans in the pens because the camera was not working.

Calls for a fresh investigation gained momentum after the broadcasting last December of a documentary drama by Jimmy McGovern, which suggested that officers must have known that the terraces were severely overcrowded.

The medical evidence suggests that more could have been done to save lives. Dr Ed Walker, who treated injured fans, says that one teenager was still alive 25 minutes after the coroner decided that the victims must have been dead. The families believe the new evidence calls into question the inquest verdicts of accidental death. Lord Taylor laid most of the blame at the door of the police. Since the tape came to light in March, the Crown Prosecution Service has been reviewing the case to establish whether there is sufficient evidence to bring charges against any police officers.

news

British Medical Association conference: Leaders say extra NHS cash must come from public funds

Doctors reject extension of patient charges

Jeremy Laurance
Health Editor

Hospital waiting lists will rise to record levels this winter unless more money is found for the National Health Service, the British Medical Association warned yesterday.

There is a financial black hole at the heart of the NHS and an extra £1bn a year is needed for the next five years if it is to continue providing a full range of treatments, doctors' leaders said. That is equivalent to an extra £17 a year per head of population a year, or 30p a week, the price of a Mars bar.

Without extra funds there was no hope of the Government keeping to its election pledge to cut waiting lists by 100,000, the association's annual conference in Edinburgh was told yesterday. The meeting decisively rejected calls for an extension of patient charges and for an earmarked health tax, which is reported to be under consideration by Gordon Brown, the Chancellor of the Exchequer, under the "no holds barred" public spending review.

But the meeting agreed by a narrow majority of 142 votes to 128 to look for other sources of finance for the NHS.

The looming prospect of an NHS crisis was the only issue that galvanised doctors, who otherwise appeared content to wait and see what the new government would deliver. However, there were widely diverging

views on how the shortage of funds should be tackled.

Dr Joan Black, of west Berkshire, said a feeling of desperation was overwhelming NHS staff struggling to maintain standards. At least 120 NHS trusts and 69 health authorities had begun the year in deficit and £10bn was needed for capital repairs. "The shabbiest building in the neighbourhood is often the local hospital," she said.

Dr Jonathan Reggler, a GP in Buckinghamshire, said the nation faced three choices: to pay more in tax for the NHS, to raise more through patient charges or to do nothing "and watch the NHS die".

The public had demonstrated its reluctance to pay more tax by refusing to elect any government that threatened to raise tax rates and an earmarked health tax would do nothing to curb rising demand, he said. Charging £10 for a GP or out-patient visit and imposing hotel charges for hospital stays could raise £500m a year, half the total the BMA said was necessary.

"The NHS is evolving and the way we pay for it must evolve, too," Dr. Reggler said.

Other speakers dismissed the fatalism of those who argued that the country could not afford the NHS. Dr Peter Bennie of Glasgow, chairman of the junior doctors, said charging patients was like "putting a stake through the heart of the welfare state". Dr Evan Harris, a former



Casualty: Doctors say without extra funds the Government has no hope of fulfilling election pledges to cut waiting lists. Photograph: Tom Pilston

hospital doctor and Liberal Democrat MP for Oxford West, said NHS spending should be raised to the level of comparable countries. To cheers he added: "The BMA must put down a marker now. It must fight, fight and fight again for the NHS we love."

Earlier, Dr Sandy Macara, chairman of BMA Council, told the conference that extra money for the NHS should be provided "unequivocally and explicitly" from public funds. Speaking to reporters later, he said the conference vote in favour of examining alternative sources of finance was a purely tactical move, to prepare to combat proposals that might be

put by the Government after the spending review. "You don't have the ammunition to shoot down mad ideas unless you have the evidence," he said.

The BMA has been looking at ways of raising money for the NHS since 1988 and had found nothing as fair, acceptable or efficient as direct taxation he said. Doctors at the BMA's conference voted unanimously yesterday to condemn the Government's "persistent manipulation" of their recommended pay rises. Another motion calling for the resignation of the chairman and all members of the independent Doctors and Dentists' Review Body was overwhelmingly rejected.

Telemedicine could save one in four beds

Charles Arthur
Science Editor

Telemedicine could save hospital beds and help health care – but the technology's "glitz and glamour" should not be used to overstate its benefits, doctors warned yesterday.

Telemedicine uses high-quality telephone and video links to let doctors see, talk to and diagnose patients remotely. It can reduce the need for hospital beds and allow people to use specialists who are geographically distant.

Richard Wootton, director of the Institute of Telemedicine at Queen's University, Belfast, said he wanted to see telemedicine integrated so that it is a routine part of the NHS. But he said it should be done cau-

tiously, warning that companies bent on profit might dominate it as they have in the US.

"Some of the glitz and glamour shouldn't be allowed to eclipse the more practical matters such as whether it is more cost-effective," he said. "What we've seen in the States is telemedicine becoming a major commercial act. Some of us are concerned that major commercial interests are amassing in the wings ... who will try to drive the development of telemedicine before it can be shown to be a cost-effective method of health care."

Yesterday, doctors at a telemedicine conference at the Royal Society of Medicine were shown demonstrations of remote-controlled brain surgery. Sir Christopher Paine, president of the Royal Society of Medicine, said: "The risks include things like patient confidentiality ... and the risk that the patient isn't always face-to-face with the doctor."

But the rewards of telemedicine could be considerable, several doctors said. Paul Johnson, a clinical physiologist at the John Radcliffe Hospital, Oxford, said telemedicine had helped free 10 percent of beds for babies and young children. The underdeveloped lungs of premature babies are particularly vulnerable to infection: "A little infection can tip them over," he said. But such babies cope much better at home, with their families. Telemedicine lets parents hook small monitors to a baby and send data down the telephone to doctors.

Haughey lawyers admit £1.3m payment

Alan Murdoch
Dublin

Lawyers for Charles Haughey yesterday admitted for the first time that £1.3m from super-market chief Ben Dunne did "in all probability" reach the then Irish premier between 1987 and 1991.

The former Taoiseach's legal counsel, Eoin McGonigal, told the payments-to-politicians tribunal at Dublin Castle that evidence from the former Fianna Fail party leader would show that cheques probably did reach Dublin bank accounts controlled on his behalf.

This is the first time Mr Haughey's side has indicated he did benefit from alleged gifts detailed earlier to the tribunal by Mr Dunne. Until now, Mr Haughey in correspondence had denied knowledge of the payments.

But Mr McGonigal said the evidence would also show the politician did not know the money came from Mr Dunne.

Mr Haughey has now agreed to testify to the tribunal, probably later this month, after being subpoenaed.

Mr McGonigal said documents would also contest the now-celebrated claim by Mr Dunne that he dropped in for tea with a depressed-looking Mr Haughey at the latter's house in late 1991 and gave him three bank drafts worth £210,000 with the words, "Here's something for yourself," to which Mr Haughey had reportedly replied "Thanks, big fella."

The tribunal, also heard between £30m and £40m passed through secret numbered sterling and Deutschmark accounts in Guinness Mahon bank in Dublin, though it was not suggested the bulk of this went to the politician.

Funds taken from these accounts were used to pay Mr Haughey's living expenses and to secure a loan to the helicopter firm controlled by Mr Haughey's son Claran.

Counsel for the tribunal, Denis McCullough, revealed a critical breakthrough in the tribunal's bank investigations. He confirmed that £105,000 of a £182,000 sterling cheque from Dunnes Stores Bangor account in Northern Ireland had definitely gone via a London account to the ACC Bank in Dublin to pay off loans to Mr Haughey.

The tribunal resumed its hearings yesterday after adjourning for last month's general election.

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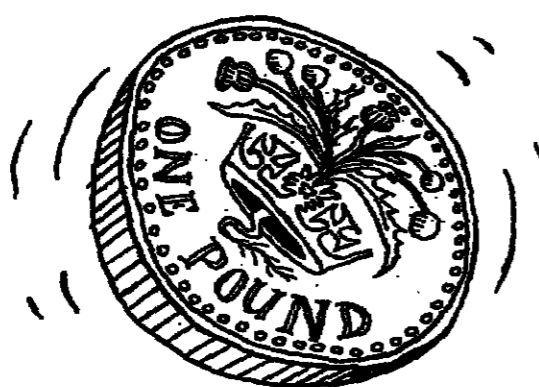
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Churchill's envoy fought his own secret war

Brigadier who backed Tito was at odds with top brass

John Crossland

Fitzroy Maclean, the maverick Highland laird chosen by Churchill as his personal emissary to Tito, fought his own private war with his nominal superiors in the Special Operations Executive (SOE) who were jealous of his special link with the Prime Minister.

Top-secret SOE files released yesterday at the Public Record Office give an often startling account of the stormy relationship between Maclean and the sabotage organisation, prompted by their disagreement over the importance of Tito.

At the time Maclean parachuted into Yugoslavia in September 1943, Tito was dismissed as a peripheral figure in the resistance. By the following spring, such had been Maclean's impact regarding Tito and the organisation of the communist partisan campaign that Churchill withdrew support to the Yugoslav royalist leader General Draza Mihailovich. Until then, the SOE in London had been supporting the general



Fitzroy Maclean (above), whose support for Tito was crucial and (below) British operations in Yugoslavia

with parachute drops amounting to £400,000 in gold bars.

Maclean alienated SOE's headquarters echelon in Baker Street, London, by openly defying their orders when he found it convenient, and upholding the Titoist cause of a socialist Yugoslavia against the official Foreign Office line.

Lord Selborne and the Baker Street "regulars" had not wanted him in the first place, dismissing him contemptuously in a report as having had "negligible military training; his experience consisting of a small raiding party behind enemy lines in Libya, without having a shot fired in anger".

This was the operation for which Maclean had received the Croix de Guerre, and his promotion on being assigned to Yugoslavia was spectacular – captain to brigadier in a few months. The SOE memo questioned how he would fare with a partisan commander who expected "British officers with

battle experience and suitable decorations".

In February 1944, Baker Street tried to reassert its authority over Maclean and the Yugoslav mission, responsibility they said they wanted to be rid of. Maclean was called to a meeting where he was required by Selborne and

General Sir Colin Gubbins, head of SOE, to agree to documents strictly detailing his responsibilities and allegiances. General Gubbins minuted Henry Spence, Vice Chief of Staff SOE, on 10 May 1944: "I wish to put on record my feeling of alarm that Brigadier Maclean should continue to plough a

lonely furrow without owing allegiance to any one department. From the security point of view such practices are most undesirable and should be terminated as soon as possible." He said SOE could no longer accept responsibility for Maclean's security "as we have no real knowledge of his activ-

ities and no apparent control of them. If anything were to go wrong, we should be regarded as owing him and if everything goes right I am convinced we shall get a very small share of the credit." Gubbins said Maclean had shown himself to be "completely freelance".

The film actor Anthony Quayle, star of many Second World War dramas, played a real-life role in undercover operations for SOE in Albania, the records show.

In his report on one such operation, detailing the blowing up of a bridge by partisans at the village of Palasso, he says: "The reprisals the Huns carried out resulted in the villagers running like rabbits to the hills."

Ministers admit nuclear waste was dumped in sea

Charles Arthur
Science Editor

The Government was urged yesterday to set up an immediate public inquiry after it emerged that false statements had been made to Parliament since 1984 over the dumping of radioactive waste in the Irish Sea.

Documents discovered at the Public Records Office showed that during the 1950s, roughly two tonnes of concrete-encased metal drums, filled with laboratory rubbish and luminous paint, were dropped into the Irish Sea's Beaufort Dyke, 300 metres deep and 10 kilometres off the Scottish coast and close to busy shipping lanes.

Government spokesmen insisted that the waste itself, classified as low-level and intermediate-level, would pose no risk to health. However MPs and pressure groups yesterday insisted that it showed flaws in the accountability of the Ministry of Defence, the Scot-

tish Office and the Ministry of Agriculture, Fisheries and Food, which has taken responsibility for monitoring the waste. The seven-mile-long strip of Beaufort Dyke has been used as a munitions dump by the Ministry of Defence since the 1920s. The previous government admitted that at least one million tonnes of

Office confirmed the report, and said that a formal Commons announcement – probably in response to a written parliamentary question – will follow either today or later this week.

John Large, an independent nuclear consulting engineer, said: "This is a very serious issue. The nuclear industry describes waste as being low,

it ultimately ends up on the landing slab at Grimsby."

Details about the dumping of the waste, from private companies including defence contractor Ferranti, have only recently emerged, according to a Scottish Office spokesman.

In contacts with London yesterday, Ireland's natural resources minister, Michael Woods, expressed "deep concern" at the revelation. Eamon Gilmore, the junior marine minister in the outgoing Irish government, accused the former Tory administration of misleading the Dublin authorities over the issue.

He said that while he was in office he had been assured by the then British government that the Beaufort Dyke dump contained no nuclear waste. Radioactive emissions from Sellafield have been at the centre of lengthy controversy in Ireland amid claims of unusually high cancer rates in the Dundalk area on Ireland's east coast.

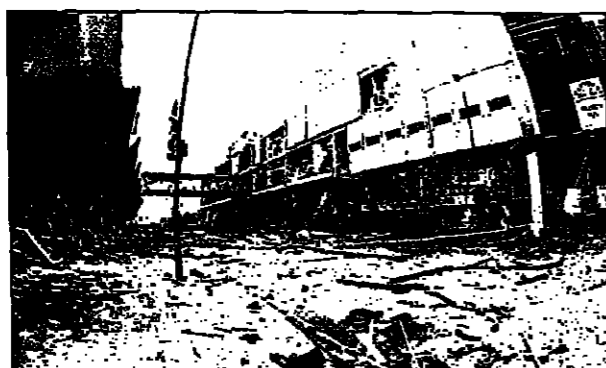
'You have the risk of radioactivity being taken up by fish and ending up on a landing slab in Grimsby'

bombs, rockets and shells, including some with chemical warheads, were dumped there. But since 1984, ministers had denied that any radioactive waste was disposed there, based on data from an independent report which said it was dumped in the mid-Atlantic in water 2,000 metres deep.

But yesterday, the Scottish

intermediate or high level. But these terms apply to waste stored in controlled conditions on land. As soon as you unzip that can underwater it doesn't matter. It is like a leaking teabag and the uptake would be a slow and gradual process.

"Here you have the risk of radioactivity being taken up by plankton and then by fish where



The IRA bomb made extensive redevelopment necessary

How Manchester kept up its guard

David Keys
Archaeology Correspondent

Manchester had a grander medieval past than historians had suspected, archaeologists have said after discoveries made during work necessitated by the IRA bomb that dev-

astated the city centre last year.

An 18th-century account of the city claimed that medieval Manchester had been protected by a massive defensive ditch, but modern academics had considered this highly unlikely. They maintained that pre-industrial Manchester was simply too small to need such defences.

Now, however, a team from the University of Manchester archaeology unit has discovered just such a ditch, 30ft across and 15-20ft deep. Together with the rivers Irwell and Irk, the 3,000ft ditch would have defended a substantial area of some 40 acres. Adjacent to it there was almost certainly a stone wall or palisaded bank.

The ditch was discovered during current redevelopment work necessitated by the IRA bomb in June last year.

Historians know that between the 1st and 4th centuries AD Manchester (the Castlefield area) flourished as a small Roman fort, a town called Mancunium, a contraction of the words "bread hill", named after the hill on which the town stood.

Then, in Anglo-Saxon times, Manchester was re-established one and a half miles to the North. The bottom part of the ditch may date from late in the Anglo-Saxon period when, in 923AD, chronicles records that King Edward the Elder sent troops to Manchester "to repair and garrison it".

However, the top part of the newly discovered ditch appears to date from the 13th century and archaeologists found that it was filled with leather off-cuts – waste material from what seems to have been Manchester's until now unknown first industrial revolution.

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news

Thirteen guilty in £65m drugs smuggling ring



Partners in crime: White (left), Short (right) and a tyre found to contain £250,000 of cannabis

Jason Bennett
Crime Correspondent

A leading gangster, who was acquitted of the Brinks-Mat bullion robbery, is one of 13 people convicted for involvement in a £65m international drugs smuggling ring, it was revealed yesterday.

Details of the longest ever undercover operation by Customs and Excise were made public, following nearly two years of complex interlocking trials.

The operation, codenamed Stealer, resulted in the arrests of a number of high-profile criminals, including Anthony White, who was cleared in connection with the £26m Brinks-Mat bullion heist in 1984, in which three raiders removed three tons of gold from a storage unit near Heathrow airport.

The extraordinary case involved more than two years of undercover work and led to the seizure of illegal drugs with a street value of £65m - including cocaine worth £57m and cannabis worth more than £8m. Reporting of the trials was prohibited until now, to safeguard the defendants from possible prejudice from earlier cases.

Operation Stealer began in the autumn of 1993, when the Customs and Excise National Investigation Service launched an offensive against internationally organised drugs trafficking.

Interest soon centred on Tony White. At the Brinks-Mat trial White's co-accused, Michael McAvooy and Brian Robinson, were each jailed for 25 years, while he was cleared because of insufficient evidence.

Smugglers snared in undercover sting by Customs

Within a short time White, who lived in a council house and who was on benefits, spent £219,000 on homes in London and Kent and a further £200,000 on refurbishments.

Spanish police, who raided his villa on the Costa del Sol in 1989, found £115,000, and jewellery worth £100,000.

In August 1995, Mr Justice Rimmer, sitting in the High Court, ordered White to repay more than £26,369,778, and pay £2,188,600 in compensation, to insurers for Brinks-Mat, which had sued for the value of the proceeds of the robbery. White's wife was ordered to pay more than £1m.

Operation Stealer involved a team of up to 30 Customs officers in long-term close surveillance of White and his associates, particularly his "lieutenant" and friend, John Short, 58.

Scotsman Brian Doran also came under scrutiny when he returned from Colombia towards the end of 1993. Doran initially set up bases in luxury London hotels. He was soon enjoying the high life, taking expensive holidays, and buying a yacht and a top-of-the-range car - always paying in cash.

Customs investigators painstakingly tracked the group's money movements - in Britain, Europe and to North

and South America. Large amounts of cash were allegedly held under false names in safety deposit boxes.

By 1994, investigators were ready to spring a series of traps to capture the drugs smugglers in action.

In February, one of the gang was trailed to Madrid. A British Customs officer was on hand as Spanish police raided a hotel, where they found 35kg of cocaine and 100kg of cannabis resin.

The Customs undercover team, meanwhile, continued to track other suspects, knowing that more drugs consignments were bound for Britain.

In September, a two-pronged operation netted cocaine worth £7m in a swoop at Dover, and cannabis worth £250,000 in an operation at Fleet services on the M3.

Customs were later able to show that White had used a mobile phone from a pub to contact people involved in the smuggling, demonstrating his pivotal role as a controller.

In January 1995, the investigators snatched cocaine worth £37m from a catamaran in Pevensey Bay, East Sussex.

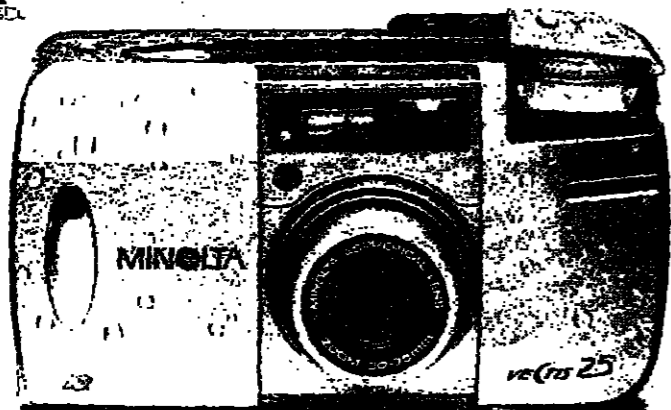
When Operation Stealer finally closed in, White admitted his part in the Dover and Portsmouth smuggling plots. White was named as a "financier" of the Pevensey Bay plot.

Short admitted a sole charge of involvement in the Dover plot. Judge John Foley, at Bristol Crown Court, yesterday began hearing mitigation on behalf of seven of the convicted men. He is to consider sentences on a further six convicted smugglers.

Manicured foot forward as prime beef graces the Royal Show



The footprint of a Charolais, framed in the chalk powder used to whiten the animal before being exhibited in the ring at the Royal Show, which opened yesterday at Stoneleigh in Warwickshire. Photograph: Brian Harris



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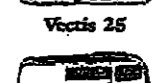
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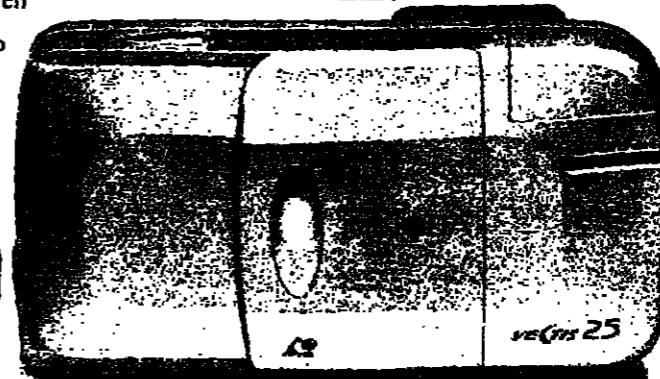
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Welsh Tories out in the cold

Tony Heath

The Tories tasted the politics of exclusion yesterday when the Welsh Grand Committee – all 40 MPs in the principality – met at Mold in Flintshire.

A small demonstration was mounted outside the local council's headquarters with a handful of party members showing solidarity with Nigel Evans, MP for Ribbles Valley, named by William Hague last month as interlocutor-in-chief on Wales, even though he was denied the title of shadow Welsh Secretary.

Mr Evans reckoned he should have been invited in because the Tories collected 20 per cent of the Welsh vote on 1 May. However, that was insufficient to win a single seat.

Being opposed to proportional representation hardly made his plea valid. And like Gerry Adams and Martin McGuinness, who regularly find Stormont a no-go area, Mr Evans experienced the closed-door treatment. At 39, he is three years older than his leader and almost as relentless in pursuit of his goal.

He did not try to force an entry to the committee, which considers all legislation relating to Wales. "I wouldn't dignify the meeting with my presence. The Welsh Grand is the Welsh bland – a slap in the face of democracy," he complained later. "Totalitarian dictators would be taking a leaf from the book of Welsh secretary Ron Davies."

The roots of his excursion to Mold from his Lancashire constituency are buried deep in the Tories' post-election confusion. Six weeks ago Mr Davies wrote to his shadow – William Hague – inviting him to nominate Tory MPs from England to participate. The committee's standing orders allow for five such co-optations. No reply was forthcoming so the meeting in Tory-free Wales went ahead – Tory-free.

Meanwhile, the committee got down to business. For the first time members were permitted to speak in Welsh, if they wished, and Mr Davies announced that he hoped to extend the public finance initiative, with the £1bn Cardiff Bay development scheme an early target.



Lock out: Tory spokesman on Wales, Lancashire MP Nigel Evans, and his supporters protest at his exclusion from the Welsh Grand Committee

Photograph: Vic Cleveley

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Brown's jobs plan derided as fraud aid

Colin Brown
Chief Political Correspondent

A senior Tory claimed last night that ministers have been warned that social security fraud on the Government's new welfare to work programme could blow a massive hole in the Chancellor's Budget calculations.

Iain Duncan Smith, Tory spokesman on social security, claimed that ministers have been warned that the plans, a centrepiece of the Budget, could lead to increased fraud amounting to £300m.

The Chancellor, Gordon Brown, will announce that £750m is to be spent over four years on welfare to work, but Mr Duncan Smith said ministers had been told the system of paying employers to take on young people out of work was open to fraud.

Mr Duncan Smith wrote to Frank Field, the social security minister, challenging him over the figures after he brushed aside the claims in the Commons. "Employer subsidies offer a clear opportunity for collusion and fraud," he said.

He also raised doubts that Mr Brown will be able to secure the £4.7bn savings on social security fraud which Kenneth Clarke, the former Chancellor, included in his Budget figures to balance the books. The large sums Mr Clarke relied on saving by tackling social security fraud may have increased the pressure on Mr Brown to raise taxes in his Budget.

Ministers said the Budget would be less harsh than many were predicting, and that the Chancellor would produce a balanced package in spite of the reports that he is poised to cut mortgage interest tax relief worth £30 a month to those on average earnings and increase stamp duty on house buying. The pain will be offset by

schemes to help the unemployed back to work.

Peter Lilley, shadow Chancellor, said the "nods and winks" about the impact of the Budget on the middle classes were "testing the water for a betrayal of trust" by Labour. He said Mr Brown had stated before the election that there were "no public expenditure commitments which require extra taxes" but there are clear signs at Westminster that Mr Brown is preparing to blame Mr Clarke for leaving a "black hole" in the accounts.

Mr Brown's wide-ranging package will hit drivers and smokers but the underlying concern is over the rising value of the pound, driven by the speculation surrounding the creation of a single currency with a soft Euro. There are fears that the Bank of England may increase interest rates next week, threatening a further rise in the pound, unless Mr Brown convinces the City that he will damp down inflation.

Tony Blair has been urged to deflate the pound by declaring an intention for early entry to the Euro, but one Labour MP was told by Labour leadership sources: "You must be joking".

Meanwhile, the Secretary of State for Social Security, Harriet Harman, gave a clear signal that she will announce plans to modernise the payments of the benefit system. Ministers want to bring the payment of benefits into "one stop" shops with those searching for work.

Quitting, removed from life in the Eastern Bloc, was still a fact of life in Britain's benefits offices, Ms Harman protested. She told the Commons the Government would stay inside the departmental budgets of the previous administration, but the priorities would be different. "We are determined to modernise the social security system," she said.

MPs to rule on sleaze report

Christian Wolmar
Westminster Correspondent

The long-awaited report on the cash for questions affair will finally be presented to MPs tomorrow and will probably be published within the next week.

The report, prepared by the Parliamentary Commissioner for Standards, Sir Gordon Downey, will rule on whether Neil Hamilton, the ex-Conservative MP who lost his Tatten seat to Martin Bell at the general election, accepted cash for asking questions on behalf of Mohamed al Fayed, the owner of Harrods. It will also examine allegations against a number of other ex-MPs and MPs.

The report will be presented to the Standards and Privileges Committee at its first meeting of the new parliamentary ses-

sion today. Although it will probably not publish the report straight away, there is concern that unless they issue it quickly, its contents may leak out.

Mr Hamilton has admitted lying about £10,000 he received from the lobbyist Ian Greer, but has consistently denied taking cash to ask questions.

Allegations against two Government ministers accused of failing to declare an expenses-paid trip to meet the Bosnian Serb leader Radovan Karadzic could be referred to the Parliamentary Commissioner for Standards, Speaker Betty Boothroyd said yesterday. David Clark, civil service minister, and John Reid, a defence minister, have dismissed newspaper claims their trip in 1993, when both were shadow defence ministers, had been a secret.

Aitken
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DAILY POEM

'Seeking Fragrant Plant
out of a Dream in Xiao Tu

سكرا من الاصل

Aitken's friends rally to defend libel 'lies'

Kim Sengupta

Friends of Jonathan Aitken, who is expected to return from abroad soon to face a Scotland Yard investigation into allegations of perjury, are suggesting a possible defence to explain why he lied over his secret trip to the Paris Ritz.

The former chief secretary to the Treasury and defence procurement minister had, they say, been publicly vilified while unable to answer the charges for complex personal and professional reasons.

There is strong indication, they say, that his ill-fated visit was on sensitive government business. There could also have been a secondary mission he was undertaking on behalf of the Secret Intelligence Service, MI6, with whom he has had a long standing relationship.

Mr Aitken is said to have lied under oath during his libel action against *The Guardian* newspaper and Granada Television about his stay at the Ritz in September 1993. His £1,000 bill for

the stay had been paid by the Saudi Prince Mohammed – in contravention of the guidelines on ministerial conduct.

To cover this up, he was prepared to let his estranged wife, Lolita, and daughter Victoria, perjure themselves.

Mr Aitken is believed to be in the United States where he is negotiating a book about the affair. His friends and allies, among them politicians and journalists who are in touch with him, present a different scenario involving secret government missions, the intelligence services, a mistress and an unreliable wife.

Mr Aitken had realised, after he had left the hotel, that it was a mistake to let the Saudi pay his bill, the friends say.

He had asked his wife Lolita to travel from Geneva to Paris where she was seeing their daughter into a new school and pay the bill. She promised him that she had done this, and it was not until too late that he found out she had not, the friends suggest.

At first, Mr Aitken thought he could bluff it out, but he realised he had been put in an impossible position, say his friends. To protect the reputation of his wife and details of his official work in Paris, he withdrew the libel action.

There was, it is said, another embarrassing reason for his wanting to keep the Paris Ritz visit secret. He had spent the night with another woman during his stay.

Although Mr Aitken has a reputation as a philanderer, he did not want to add to the woes of a Tory government suffering a surfeit of sex scandals.

Mr Aitken's mother has claimed that her son had lied to protect his wife.

His close friend and former constituency chairman in Thanet South, Major John Thomas, subscribes to the view that just because Mr Aitken "lied does not mean he is guilty". Major Thomas has a letter from Mr Aitken's solicitor Richard Sykes saying the former minister had done what he had for entirely "honourable" reasons.

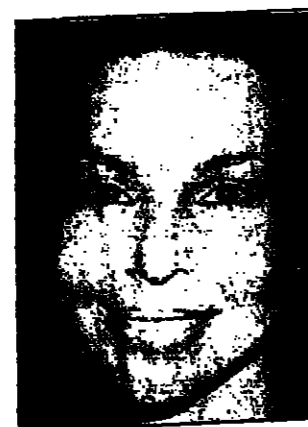
Another friend, a Tory politician, said: "What we have seen is one man being deceived. The truth, when it comes out, may show that there are explanations. They may be embarrassing explanations, but these are cock-ups rather than conspiracies."

Detectives investigating the perjury allegations are in touch with Mr Aitken's lawyers. They say they are waiting to see what Mr Aitken has to say to them. He will be interviewed under caution.



Aitken: 'Honourable motives'

'The truth, when it comes out, may show that there are explanations'



Lolita: 'Was asked to pay bill'

DAILY POEM

Song to 'Seeking Fragrant Plants':
Account of a Dream in Xiao Temple

By Nara Singde (1655-1685)

How can I pass these nights far from home?
I dreamed I was with her,
reciting poems together,
by the latticed window. And annoyed,
she feigned a smile and said,
"If you weren't so lonely there,
would you still have wanted to come?"

I had to leave all too quickly;
I had planned to stay
until temple bells were struck at dawn.
She suddenly pressed close to me –
then a spark flashed from lamp wick falling,
and I was here facing
fire in a globe of glass.

Nara Singde, author of today's poem from Stephen Owen's *Anthology of Chinese Literature* (Norton, £18.95), was a Manchurian officer at the imperial Qing court. Like many poets of the era, he employed tune patterns inherited from the earlier Song Dynasty, even though the music had long been lost.



Final moments: Three members of crew died when the *Maria Asumpta* broke up off the north Cornish coast in May 1995

Photograph: Bryony Eastman/Comish Photomedia

Skipper goes on trial over tall ship deaths

The owner and skipper of what was the world's oldest working square-rigged sailing vessel yesterday went on trial for the alleged manslaughter of three crew members lost when the vessel broke up on the north Cornish coast.

Mark Litchfield, 56, who was among 11 survivors when the 137-year-old wooden tall ship *Maria Asumpta* was wrecked as she approached Padstow

in May 1995, appeared before Mr Justice Butterfield at Exeter Crown Court.

The three lost crew were Anne Taylor, 50, of Wallingford, Oxfordshire; Emily MacFarlane, 19, of Felixstowe, Suffolk; and 24-year-old John Shannon from Queensland, Australia.

The jury of six men and six women heard that Mr Litchfield, of Boxley, Kent, had pleaded 'not guilty to the

manslaughter charges at an earlier hearing. Mr Justice Butterfield, who said the trial could last over six weeks, adjourned the hearing until today.

The charges allege that Mr Litchfield unlawfully killed Anne Taylor on 30 May 1995, and unlawfully killed Emily MacFarlane and John Shannon between 19 May and 25 June 1995. In each case the charge alleged that

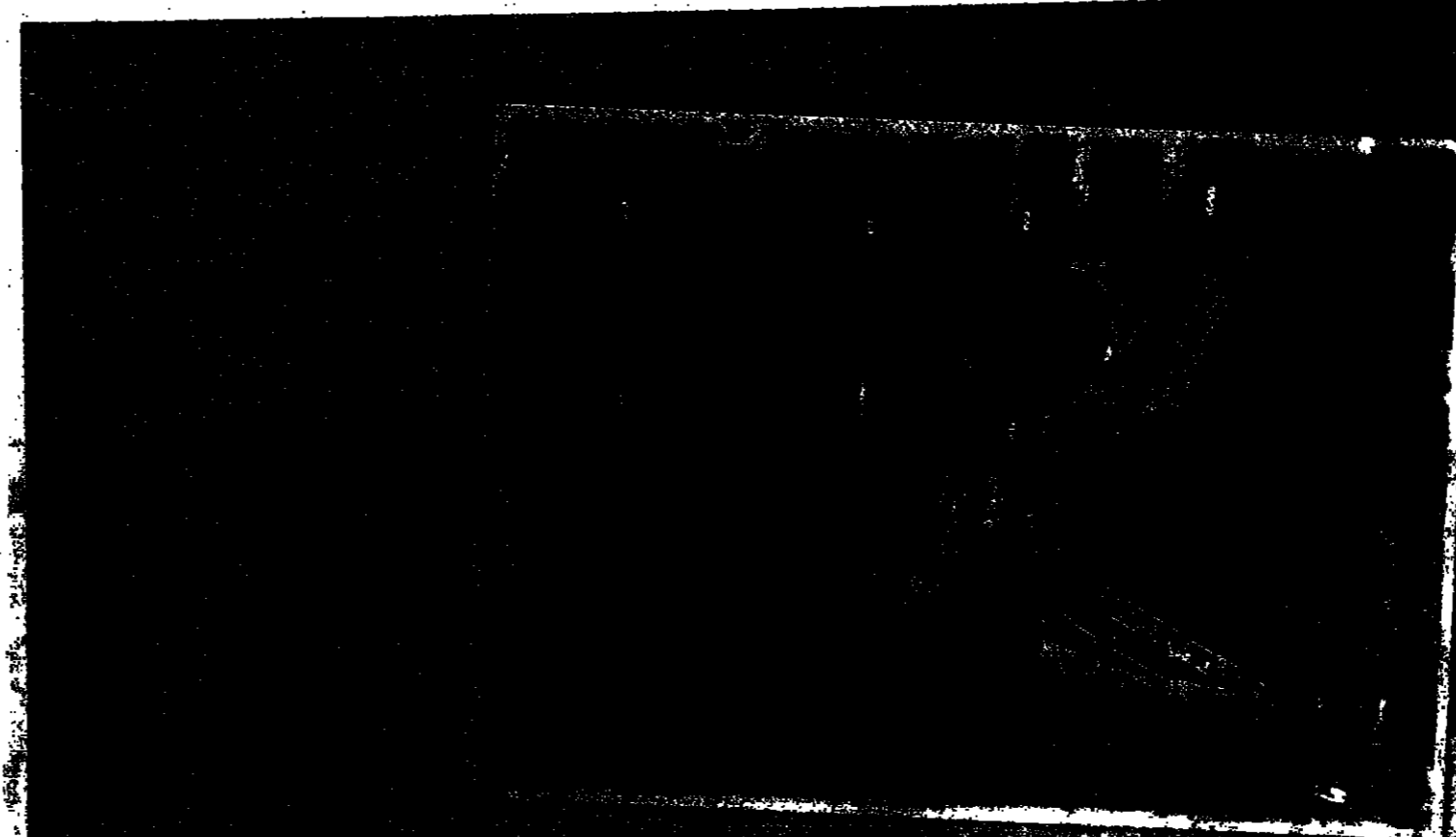
as master and owner of the vessel, Mr Litchfield owed a duty to take reasonable care of all those who sailed on her, including the three who died.

In each case the charges also allege that he was in breach of that duty and did not take reasonable care of the crew who died.

It was claimed that he failed to plan, navigate and execute a safe passage for

the vessel from Hardland Point towards Padstow, and in particular failed to sail the vessel at a safe distance from the shore.

It was also alleged that he sailed the ship so close to the shore that he had to rely on using the engines to avoid grounding on Moulds Rock, knowing that the diesel fuel was contaminated and likely to cause the engines to fail.



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Jospin accused of reneging on Renault pledge

John Lichfield
Paris

The French Prime Minister, Lionel Jospin, faces a rough ride from his own supporters in parliament today after failing to reverse a decision by Renault to close a large car factory in Belgium.

The issue, although it concerns jobs abroad, threatens to produce the first serious split in the left-wing governing coalition. It is seen by Communist and radical Socialist members as a test of Mr Jospin's willingness, or ability, to soften the market-oriented policies of the previous centre-right government.

It is also the first clear example of Mr Jospin stumbling over his pledge to keep his pre-election promises. During the election campaign in May, he said he would force the partially state-owned car company to "re-open the dossier" of the closure of the Vilvorde plant near Brussels, with the loss of 3,100 jobs.

Earlier this month, Mr Jospin appointed an independent consultant to study the options. She reported back last week that

there was no way to save the plant without jeopardising Renault's wider strategy to improve its international competitiveness.

Jean-Luc Dehaene, the Belgian Prime Minister, accused Mr Jospin of "giving false hope" to the Vilvorde workers to win votes in France. Even though the French state remains the largest single shareholder in the company, Mr Jospin says he cannot force Renault to change its mind. "That's all very well but Jospin ought to have known that when he was in opposition," Mr Dehaene said.

Mr Jospin will seek to explain himself to the Socialist group in parliament today and, possibly, to the nation in a television interview on Thursday. A continuing row threatens to destabilise the awkward balancing act he has attempted since he became Prime Minister on 3 June. He insists he will honour his campaign pledges to adopt a more reflationary, and more jobs-oriented, policy than the centre-right government. He has, however, delayed most spending decisions until November and has pledged to stay

within shouting distance of the budgetary guidelines for membership of the European single currency.

With anxiety growing on the left that Mr Jospin is already drifting towards pro-business and pro-market orthodoxy, the failure to intervene to save Vilvorde could become a flashpoint within the Socialist, radical, Communist and Green coalition. Tempers will not be improved by the announcement yesterday that unemployment rose by 1.1 per cent (32,000) in May, the sharpest monthly rise for four years. Although the increase cannot be blamed on Mr Jospin, it will strengthen the voices of those calling on him to abandon budget orthodoxy and pump up the economy with salary rises and increased public spending.

Mr Jospin's discomfort has been greeted with undisguised joy on the centre right. Philippe Seguin who will be elected later this month as the new leader of the neo-Gaullist RPR, said: "Within the space of a month, Mr Jospin has forfeited the right to give lessons in morality to the entire world."

A hero of exploration makes his final journey



Jacques Cousteau's widow, Francine, left, their two children, Diane and Pierre-Yves, and the French President Jacques Chirac in front of Cousteau's coffin at Notre Dame in Paris. The film-maker and co-inventor of the aqualung will be laid to rest in the family vault at Saint André-de-Cubzac. Photograph: AFP

Videogate exposes rot at heart of Mexican politics

Phil Davison
Mexico City

A week before vital elections, Mexican police are trying to uncover a "dirty tricks brigade" that distributed thousands of doctored videotapes portraying leading opposition candidate Cuauhtémoc Cárdenas as a Communist rabble-rouser.

The "videogate" scandal, blamed by Mr Cárdenas on the ruling Institutional Revolutionary Party (PRI), has raised the temperature in the run-up to historic 6 July elections which could see the PRI lose Mexico City and control of Congress for the first time in its 68-year history.

The populist Mr Cárdenas, 63, is way ahead in the race for Mayor of

the capital – the second-most influential post in the country after President – as candidate for the Social Democratic Party of the Democratic Revolution (PRD). Mexicans will also elect a new 500-seat lower house of parliament, a quarter of the Senate and six state governors.

Tens of thousands of videotapes, in which images of violence and revolution were juxtaposed with doctored speeches by Mr Cárdenas, were distributed to businessmen over the past few weeks until police last week raided a Mexico City apartment where the videos were being produced. The idea appeared to be to scare voters and investors in an attempt to slash Mr Cárdenas's lead. Fourteen people were arrested.

but police are still investigating whether the tapes were linked to a political party. Mr Cárdenas pointed the finger at the PRI, accusing them of launching a "dirty war" to avoid defeat, but the ruling party denied involvement.

In the mayoral race, Mr Cárdenas, son of revered former Mexican president Lázaro Cárdenas, is running ahead of Carlos Castillo Peraza of the conservative National Action Party (PAN) and the PRI's Alfredo Del Mazo, a former energy minister.

The PRI's control of the Senate is not in danger but it could lose at least one governorship. In the key industrial state of Nuevo León, to the PAN. The PRI maintained control of all 32 states for the 60 years after its cre-

ation in 1929. But electoral reforms forced on former President Carlos Salinas de Gortari and his successor Ernesto Zedillo have since allowed the PAN to grab four state governorships. The left-of-centre opposition has never won a state.

While a victory by Mr Cárdenas in Mexico City would be historic, some analysts say the city vote is something of a sideshow. In recent years the party has gradually jettisoned segments of power but continued to reign over Mexico's complex socio-political system through its patronising control over all sectors of society, from the police, military and judiciary to trade unions and peasant groups. Even a loss of its parliamentary

majority would not rob the PRI of its control of "the system", analysts say, although it would seriously handicap the President in such areas as pushing through the budget, long the prerogative of the ruling party.

To offset the fears of businessmen and investors, Mr Cárdenas has played down his populist image and dropped his opposition to the North American Free Trade Agreement (Nafta) with the US and Canada. He is expected to run for President of Mexico in 2000, when Mr Zedillo's six-year term expires.

Mr Cárdenas's surge in popularity in the capital and the poverty-stricken south is seen partly as a protest vote against the PRI, partly as a backlash from his unsuccessful

run for the presidency in 1988. That year, Mr Cárdenas was running ahead of PRI candidate Carlos Salinas de Gortari when the PRI-controlled Electoral Council announced that the computer system counting the votes had crashed. When it came back up, Mr Salinas was ahead and won narrowly. Ballots were quickly burned before a recount could be made.

Mr Zedillo has since presided over electoral reforms, including a more independent Electoral Council. But the opposition warn that PRI militants may resort to the traditional fraudulent tactics, particularly in rural areas, such as the "taco" vote – rolling up several previously-marked ballot slips to look like one.



Cardenas: Rocked establishment

Another old PRI favourite was the use of the "dead man's vote" when electoral registers included the names of dead people who voted – naturally – for the PRI. New photo credentials should make that impossible.

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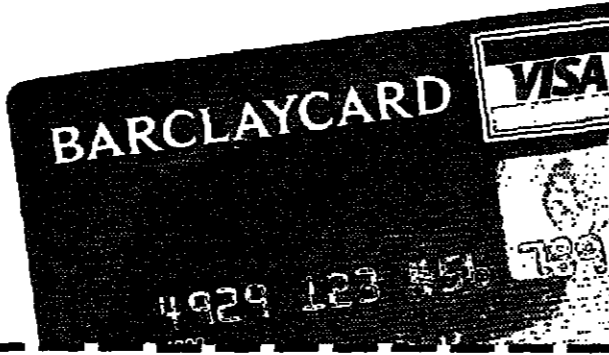
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Radical Web site wriggles out of German court net

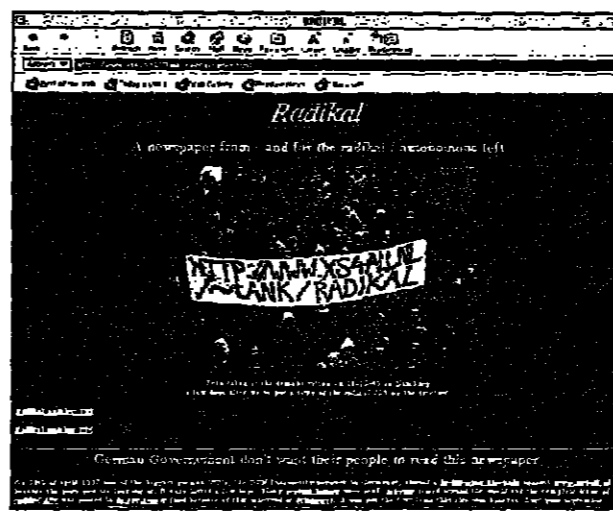
Imre Karacs
Bonn

A neo-Stalinist demagogue allied with a bunch of eco-saboteurs struck a blow for freedom of expression yesterday, scuppering the German state's latest attempt to rein in the Internet.

In a landmark decision, a court in Berlin acquitted Angela Marquardt, who had been accused of disseminating forbidden leftist propaganda. Ms Marquardt, 25, a former Deputy Chair of the Party of Democratic Socialism, had defended the authorities by providing access through her own Web site to the proscribed magazine *Radikal*.

The magazine, made available on the Internet, had published detailed advice on ways to block the path of trains carrying nuclear waste to the disposal site of Gorleben in northern Germany. It included tips on crippling signalling equipment and erecting barricades on the tracks.

Arguing that the group, based in the Netherlands, was endangering railway safety and the fabric of democracy, the German authorities banned *Radikal*. In June 1995, several hundred policemen launched simultaneous raids on left-wing activists, arresting 30 people.



File deleted: The *Radikal* magazine Web site, which led to the failed prosecution of a prominent leftist politician

The magazine's office in Maastricht was also searched by Dutch and German policemen, and Internet service providers were pressured to block access to the inflammatory site, called XS4ALL.

Their tough actions lit a beacon for a motley alliance of Berlin leftists sadly lacking a cause until then. In January 1996, Ms Marquardt put the Web address of the magazine on her home page, thus providing a gateway to the forbidden propaganda.

"I want to distance myself from the attacks outlined in *Radikal*. But I do not accept that the discussion over this issue should be forbidden," she declared. Thus began the war on the Net.

In August 1996, prosecutors instructed the Internet Task Force in Germany to block the site. A month later, CompuServe, the provider through which Ms Marquardt operated her page, closed her down. She responded by taking her site to an unregulated part of the Net.

The state was left with no option but to charge her in October last year with abetting sedition. Meanwhile, under pressure from the authorities, several further attempts were made to block the site but all proved impossible.

Every time one page was closed down, the anarchist-minded denizens of the Web opened "mirrors" – further gateways to the magazine. Meanwhile, the authorities found themselves prosecuting a senior figure in a legal political party which enjoys up to 20 per cent support in eastern Germany and whose MPs sit in the Bundestag.

Although the democratic motives of Ms Marquardt's party, which is funded by Communists and post-Communists of the former East Germany, are open to debate, her prosecution smacks of heavy-handedness. Her own home was alleged to have been searched by the police and she would have faced a heavy fine if she had been found guilty.

The court reached a Solomonian verdict, ruling that she might not have known what was on the site when she opened a link to it from her own Internet page. But yesterday you could still read the now world-famous magazine *Radikal* via the Marquardt page.

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Socialists usher in New Albania

Andrew Gumbel
Tirana

Albania's five turbulent years under President Sali Berisha were heading towards a swift and remarkably graceful conclusion yesterday as the ruling Democratic Party suffered a crushing election defeat at the hands of its Socialist rivals and the President, surprising almost everyone, accepted the result without a murmur.

The day after a vote which was riddled with minor problems but relatively free of the gang violence that has rocked the country for the past four months, the Socialists were cruising towards a huge parliamentary majority.

The party said it had won 63 seats outright, plus 10 more through electoral pacts with other parties. Once full results were available and the proportion of the race calculated by the party expected to garner up to 50 more seats in the 155-seat assembly.

Around a dozen results were still due in, two seats had to be contested again because of irregularities and 19 would be decided in a second round of voting next Sunday, the Socialists said. Their figures credited the Democratic Party with only seven seats so far.

The Organisation for Security and Co-operation in Europe, which monitored the election, said these results matched their own findings.

Sali Berisha, under international pressure, concedes with grace after poll approved by observers

There were no official results for most of yesterday and the final tally is not expected until today.

Despite the enormous difficulty of holding an election in a gun-ridden country on the verge of economic and social collapse, the OSCE described the vote as "adequate and acceptable".

Across the country, there were blasts of Kalashnikov fire through the night and all day yesterday to mark the defeat of a president held responsible for the devastating financial losses wreaked by the collapse of Albania's so-called pyramid investment schemes. But violence was kept to a minimum with only a handful of incidents reported.

The Democratic Party was so taken aback by the scale of its defeat that news bulletin after news bulletin on state television, which it controls, was simply cancelled. After a day of non-stop election coverage on Sunday, evening viewing consisted of Albanian folk-singing interspersed with warnings from the interior ministry not to hold street demonstrations.

The official wall of silence continued yesterday morning, as two senior party officials were summoned to the US embassy for a meeting that embassy sources said was intended to impress on them the need to abide by the will of the people.

Finally, at 2pm, Mr Berisha himself appeared on television to admit defeat. Looking calm and relaxed, he urged his supporters to "treat the verdict with courage and dignity and to continue together... our efforts, as an opposition, to consolidate democracy". He also vowed to respect the declarations he had made before and during the election campaign - a line widely interpreted as honouring his pledge to resign following his defeat. Under the Albanian constitution, it is up to parliament to elect the president, so Mr Berisha will probably stay in office long enough to see the new assembly sworn in.

After five years of scant regard for democratic principles, in which all the problems were automatically blamed on a "Stalinist-terrorist" opposition, Mr Berisha - under intense international pressure - behaved with aplomb, to the relief of many opponents who expected him to denounce the elections as unfair. His only omission was a failure to congratulate the man expected to succeed him,

the Socialist leader Fatos Nano.

Mr Nano called for an end to the deep polarisation in Albanian politics that had helped create an atmosphere of fear and violence, and welcomed the beginning of "an age of peace, co-operation, co-habitation and co-existence" that would enable Albania to get back on the road to democracy.

He said he hoped Mr Berisha would resign as he had promised but noted that parliament had the powers to impeach him if necessary. "There are structures to assist, if not to force, Mr Berisha to be a man of his word," he said.

The challenges ahead are enormous - disarming the rebel bands so that roads, towns and villages can be made safe again; building a barely developed economy that has been devastated by the collapse of the pyramid schemes and encouraging a truly pluralistic culture in which the media is free and both government and opposition can co-exist peacefully.

An Italian soldier was badly wounded in shooting in the Adriatic port of Vlorë and was flown to Bari in Italy for treatment, Reuters reports. Wild shooting broke out in Vlorë, following rumours that President Berisha had resigned.



Uplifting victory: Socialist party supporters celebrate at their headquarters in Tirana Photograph: Damir Sagol/Reuters

Electorate flirt with return of the Zog dynasty

Andrew Gumbel

Just for a moment yesterday, it looked as though Albania was turning the clock back more than 60 years and doing what no European country has done since the fall of Franco - reviving its monarchy.

One of the more bizarre side-shows of Sunday's general elections was a referendum asking Albanians whether they were happy with their republican system or preferred to have a king again, just as in the bad old days of King Zog and his court of puffed-up puppets.

Nobody had given the referendum a second thought, dismissing it as one of President Sali Berisha's more eccentric political games, but yesterday morning supporters of Zog's son and heir, Leka Zogu, grabbed the post-electoral limelight and cried victory. "We've got 54 per cent," said one spokesman. "Actually, it's nearer 70," said another.

A chill wind was suddenly felt in Albanian political circles. How could an electorate that had just handed the Socialist Party an overwhelming parliamentary majority do such a thing? Did this mean the country would renege its repressive, highly autocratic 1928 constitution, as the monarchists were insisting?

Constitutionalists scratched their heads and wondered whether the "yes" vote was absolute or depended on a vote in the new parliament. Scourious

political journalists noted that the referendum made no reference to Leka and wondered if any old monarch would do. "Maybe we should ask Prince Charles," said one. "Or Chris Patten," said Ben Bhushi, editor of the Albanian newspaper *Independent*. "After all, he's looking for a job."

By mid-afternoon, it became clear that the rumours were unfounded and the monarchy, although scoring far better than anyone expected, was in no danger of reasserting itself.

Leka, who was whisked out of Albania as a babe-in-arms when the Italians invaded in 1939, returned to the country for the first time earlier this year to launch his campaign. In Vlorë, epicentre of the armed anti-government revolt, he survived just 20 minutes before fleeing the men with guns. His life as a jaded aristocrat did not at first sight appear to qualify him to lead one of the world's craziest, most impoverished countries.

His father, Ahmed Zogu, was an ambitious politician from northern Albania who seized the presidency by force in the early 1920s and elevated himself to king in 1928. Zog fled the country dry and had a love-hate relationship with Fascist Italy that culminated in the annexation of his country in 1939.

Zog and his family took refuge in the Ritz hotel in Piccadilly, nicknamed "Zog's Circus", and was never invited back to his home country again.

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Flood alert: Fields in Val Chiavenna, northern Italy, after continuous heavy rains fell in the Lombardy region on Sunday. Civil protection officials warned people in the area to avoid travelling as forecasts of fresh rain sparked fears of further flooding and mudslides
Photograph: Carlo Ferraro/Reuters

Bosnian Serb president held by own police

Marcus Tanner

The mafia-style politics of the Bosnian Serb state threatened to overwhelm the Bosnian Serb President Biljana Plavsic last night, after she was arrested by her own police force on returning from a visit to Britain.

Mrs Plavsic, who was invited for talks in London by the Foreign Office on the strength of her new-found reputation as a moderate, cut short her British visit amid reports of opposition to her planned drive against corruption.

At Belgrade airport on Sunday night, in spite of being titular head of an entirely independent state, she was



Plavsic: Arrested at airport

grabbed by the police of President Slobodan Milosevic of Serbia and held for an hour-and-a-half. She was then transported to Bijeljina, in north-east Bosnia, where she was detained overnight by her own police in the village of Dvorovi.

Yesterday the "President" was set free and returned to the Bosnian Serb city of Banja Luka with an escort provided by S-For, the international peace-keeping force in Bosnia. They were reported to have secured the presidency building in Banja Luka against possible attack.

Mrs Plavsic was one of a trio of Serb ultra-nationalists led by Radovan Karadzic who plunged Bosnia into a bloodbath from 1992-5 by trying to carve an ethnically pure Serb state out of the mixed Muslim-Christian former Yugoslav republic.

Unlike Mr Karadzic she was not indicted for suspected war crimes by the UN tribunal in the Hague, but until recently was seen as the most hardline of the lot. President Milosevic's journalist wife Mirjana famously accused her of being a Nazi.

Her troubles proceeded not from being "soft" on Muslims, but from her opposition to corruption which, as a rabid but sincere nationalist, she devoutly opposes. Mr Karadzic and his close ally, Momcilo Krajisnik, have had no scruples about draining the last drops out of the bankrupt Bosnian Serb state to

line their pockets. Mr Karadzic has made his cash through his monopoly on smuggled cigarettes. Mr Krajisnik and his brother have lined their pockets by sharing out monopolies on spirits and petrol. They are reported in the Belgrade media to have stashed their fortunes away in private banks in Russia.

Mrs Plavsic, who assumed the Bosnian Serb leadership from Mr Karadzic after he was indicted by the UN war crimes tribunal decided to crack down on the private mafias after a meeting with Madeleine Albright during the US Secretary of State's recent tour of former Yugoslavia. She also told Ms Albright she had swung behind the "moderate" camp on the question of a single currency for Bosnia - a big irritant to the mafia men, who have no desire to see the Bosnian Serb worthless currency replaced by something more stable.

Just prior to her return from London, she announced the sacking of the Bosnian Serb police chief, Dragan Kijac.

Her detention in a police cell in Bijeljina will raise a bitter smile from Bijeljina's surviving Muslims. Mrs Plavsic first achieved real fame by publicly kissing the Serb paramilitary leader Zeljko Raznjatovic, "Arkan" after his forces had stormed the town in April 1992 and murdered many local leaders of the Muslim community.

The Hague (AP) - UN war crimes prosecutors will give secret indictments to "authorities ready, willing and able to execute them." Chief Prosecutor Louise Arbour said.

Ms Arbour was reacting to Friday's arrest by the UN of Slavko Dokmanovic, a Serb suspect in the massacre of 260 Croats in the eastern Croatian town of Vukovar in 1991. His arrest marked the first time UN authorities have held an indicted suspect in the former Yugoslavia.

significant shorts

School rebel confesses to second killing

The 14-year-old boy arrested in the beheading of a schoolboy has also confessed to killing one young girl and stabbing another in the western city of Kobe, news reports said yesterday. Police arrested the boy on Saturday after he confessed to killing Jun Hase, 11, and leaving his severed head at a school entrance gate of a junior high school.

Two months earlier, Ayaka Yamashita, 10, was bludgeoned to death in the same neighbourhood, apparently with a steel pipe. Less than an hour later, a nine-year-old girl was stabbed and nearly bled to death. Hase's severed head was discovered with his eyes gouged out and his mouth split from ear to ear. The suspect told police he targeted the mentally retarded boy because the victim was weaker. AP - Tokyo

Yilmaz forms government

President Suleyman Demirel approved the formation of a new Turkish government headed by Mesut Yilmaz. Ten days of lobbying in Turkey's finely balanced parliament had convinced Mr Yilmaz - who leads the conservative-minded Motherland Party - that he has majority support for a coalition to unite most of Turkey's secular political parties. He is prime minister for the third time.

Mr Demirel asked him to form a government after the resignation of Necmettin Erbakan, the Islamist leader unseated under pressure from the army and True Path Party coalition partners. Christopher de Bellaigue - Ankara

Man cleared of asylum arson

A German state court found a Lebanese man innocent of the deaths of 10 Africans in an arson fire last year at an asylum shelter. The decision was issued more than three weeks after prosecutors admitted to the court that they had insufficient evidence to convict Safwan Aid for the fire on 18 January 1996 that killed 10 people and injured 38 others. AP - Lübeck

UN blocked from massacre sites

President Laurent Kabila has blocked the UN's path to alleged massacre sites in the jungles of former Zaire, but investigators said they would not pull out of the country immediately. A UN team in the capital, Kinshasa, said the government had rejected two non-negotiable terms for the investigation. The mission follows allegations that Mr Kabila's Tutsi-backed rebels or their Rwandan or Ugandan allies killed an unknown number of Rwandan Hutu refugees as they marched across Zaire before toppling President Mobutu Sese Seko in May. Reuter - Kinshasa

Yeltsin leans on filial advice

President Boris Yeltsin named his younger daughter yesterday as his official image adviser, boosting the power she gained while heading her father's re-election campaign. Tatyana Dyachenko, 37, first emerged as an important player during the re-election bid. AP - Moscow

Anthrax survives - 80 years on

A germ warfare capsule from the First World War discovered in a Norwegian museum was still deadly, 80 years after it was confiscated from a German officer, a newspaper said. A small glass ampule found at the Norwegian Police Museum in Trondheim in April contained anthrax bacteria, the local newspaper *Aftenposten* reported. Bjorn R. Bernald of the Norwegian military microbiological laboratory in Oslo said the find confirms Germany had planned to use germ warfare during the First World War. AP - Oslo

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	Deposit	£4,120.00
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	Total Credit Price	£8,240.00

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7.3% APR	TYPICAL EXAMPLE	Clio RL 1.2 16V 3-dr
	Cash Price (inc. on the road costs)*	£8,240.00
	Deposit	£2,472.00
	Monthly Repayments	£254.27 x 24
	Total Credit Price	£8,674.48**

FREEWAY 3

This way you put a mere 20% of the price down, with the balance easily digested in 36 bite-sized monthly parts†.

8.5% APR	TYPICAL EXAMPLE	Clio RL 1.2 16V 3-dr
	Cash Price (inc. on the road costs)*	£8,240.00
	Deposit	£1,648.00
	Monthly Repayments	£204.54 x 36
	Total Credit Price	£9,311.44**

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9.9% APR	TYPICAL EXAMPLE	Clio RL 1.2 16V 3-dr
	Cash Price (inc. on the road costs)*	£8,240.00
	Deposit	£99.00
	Monthly Repayments	£172.17 x 48
	Total Credit Price	£9,903.16**

FREEWAY 5

Take off in your Renault for a 50% down-payment. Then give yourself an undemanding 24 months to repay the balance at 0% interest†.

0%	TYPICAL EXAMPLE	Clio RL 1.2 16V 3-dr
	Cash Price (inc. on the road costs)*	£8,240.00
	Deposit	£4,120.00
	Monthly Repayments	£171.67 x 24
	Total Credit Price	£8,240.00

FREEWAY 6

Once again a 50% deposit secures the keys, and again the repayments are interest-free. But this way you have even longer to pay - a whopping 36 months†.

0%	TYPICAL EXAMPLE	Clio RL 1.2 16V 3-dr
	Cash Price (inc. on the road costs)*	£8,240.00
	Deposit	£4,120.00
	Monthly Repayments	£114.44 x 36
	Total Credit Price	£8,240.00

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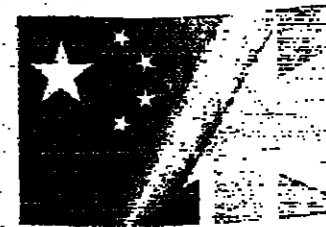
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Hong Kong Handover



'I have relinquished administration of this government'

Patten wipes a tear as Last Post sounds

Stephen Vines
Hong Kong

Chris Patten, the 28th and last Governor of Hong Kong was swallowing hard as he emerged from Government House for the last time yesterday afternoon. He might just have got through the modest ceremony marking his departure without shedding a tear had it not been for the lowering of the flag and the mournful sounds of "The Last Post".

Earlier, he had sent a telegram to London, marking the end of his mission. "I have relinquished the administration of this government. God Save the Queen," it said. It was a wrenching day for the Governor, crowned not by his final departure on Britannia, but at a farewell parade in pouring rain which turned into a torrent the moment the band struck up "God Save the Queen".

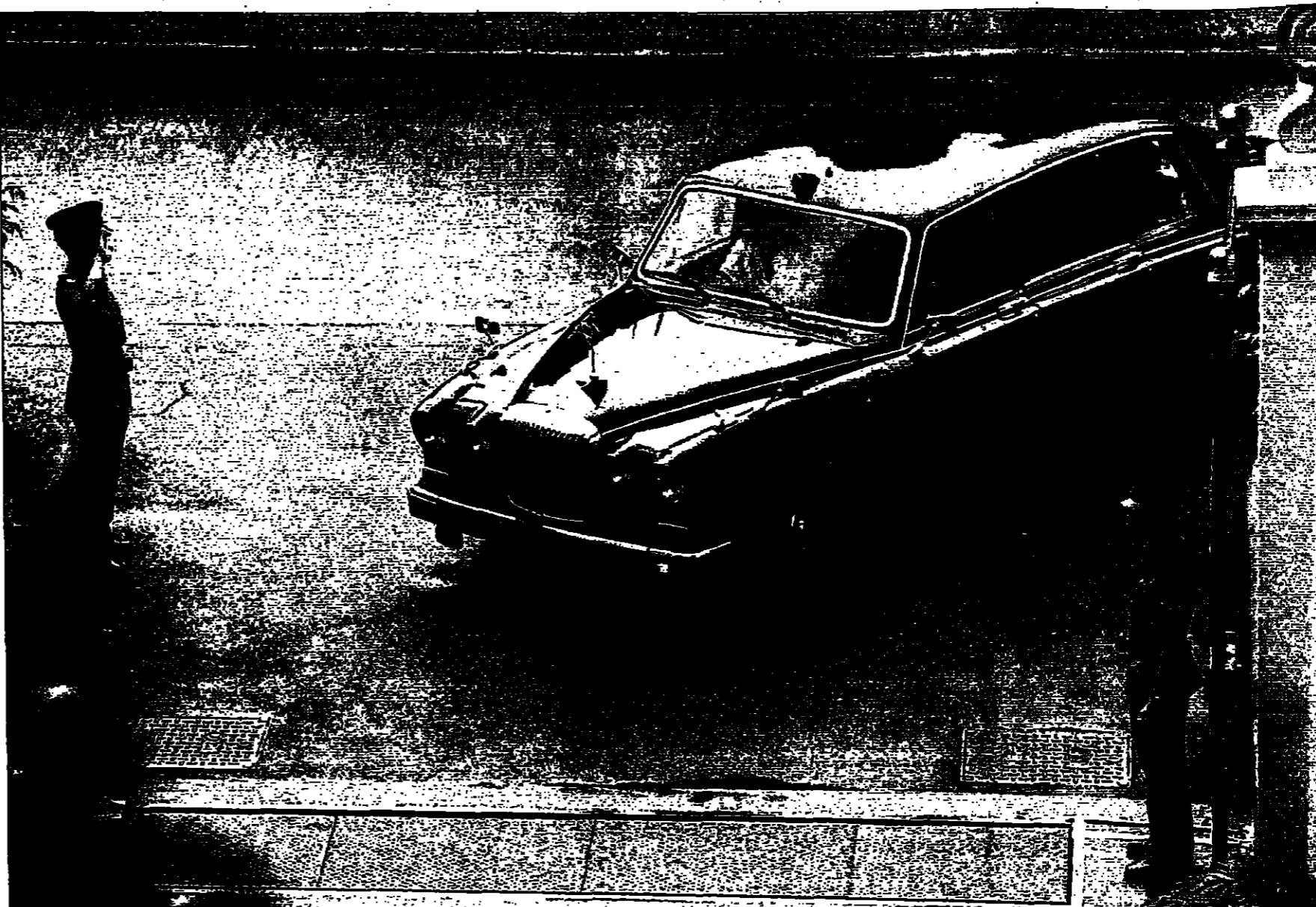
Leaving is something the Brits do terribly well, so well that they have even trained their colonial subjects to produce a perfect replica of a British ceremonial occasion. That is why the Chinese bandsman of the Royal Hong Kong Police bands were first out on the parade ground in their kilts, clutching bagpipes and other instruments which were later seen in the rather larger hands of three groups of British bandsmen. Although very British in character the ceremony could only have occurred in Hong Kong where, as the

glib commentary stated, "East meets West".

Britain supplied both most of the hardware for the ceremony and the rain, without which any British ceremonial occasion would not be complete. China supplied a gleaming new office tower block which overshadowed the parade ground, demonstrating the new master's commitment to the territory in terms of hard cash. As for Hong Kong itself, it supplied what it supplies best — people.

"They were only ordinary," said Mr Patten in his farewell address, "in the sense that most of them came here with nothing. They are extraordinary in what they have achieved against the odds." Some 10,000 people turned out for the ceremony, the Chinese just about outnumbering the British residents. Most of them were dressed in their Sunday best to pay their respects to the departing sovereign power.

The baggage of history was left discreetly out of sight, for the most part. Mr Patten referred obliquely to the opium wars which gave birth to the colony. "This chapter began with events that, from today's vantage point, none of us here would wish or seek to condone," he said. Rather less obliquely he reminded his audience that most of Hong Kong's people came to live under the British flag as refugees from Communism, or as he put it, "because of events



Parting gesture: A soldier saluting the Governor's car as it leaves Government House, Hong Kong, for the last time on the final day of British rule Photograph: David Rose

in our own century which would today have few defenders".

Mr Patten had promised that Britain would be withdrawing without self-congratulation, but with dignity and solemnity. Yet he could not resist raising at least two-and-a-half cheers for British colonialism. He said Britain had provided "the scaffolding" — the rule of law, clean government, the values of a free society and, "the beginnings of representative government and democratic accountability".

"No dependent territory has been left more prosperous, none with such a texture and fabric of civil society," he said.

It is indeed a far cry from the days when an agitated Lord Palmerston chided Captain Charles Elliot for

seizing this "barren rock with hardly a house upon it". Chris Patten has arguably been its most controversial governor, just slightly more controversial than Sir John Pope-Hennessy, who made an attempt to give Hong Kongers more rights. He left the colony in 1982 with his fellow Britons ostentatiously turning their backs on him, while members of the Chinese community saw him off singing his praises.

Mr Patten must be one of the few colonial governors to depart with higher opinion poll ratings than his local successor. His tear ducts were again severely tested last night as the audience at the farewell ceremony stamped on the metal stands surrounding the parade ground, only ceasing in their chorus when he sig-

nalled that the show should go on.

The final act of British rule was appropriately played out in the pristine splendour of Hong Kong's newly constructed Convention Centre extension, a striking edifice which has shot up on a piece of reclaimed land jutting into Victoria Harbour.

China, which stayed away from the last hurrah on the parade ground, had to send its leaders to this occasion. Yet Chinese leaders declined an invitation to share the last supper with their British hosts. They arrived after the coffee had been served to spend a little over half an hour with the British party for a final handover ceremony.

At one stage in the tortuous negotiations over how the ceremony should be conducted China had de-

manded that Britain sign a document formally ending its rule over Hong Kong. British negotiators said that they had signed such a document back in 1984 and could see no point in signing anything else.

However, China wanted a visible symbol of the end to the humiliation of more than a century and a half of foreign occupation. Its leaders wanted Britain to put its mark on something, rather like the Treaty of Nanjing which first granted the island of Hong Kong to the British empire in perpetuity.

In the end both sides settled for the most minimal ceremony that could be mutually agreed. The Prince of Wales, representing the Queen, promised the people of Hong Kong that "we shall not for-

get you". China's President Jiang Zemin promised a new era of prosperity. The small honour guard from both sides stamped through their paces in the confined space. A specially designed wind machine put life into the Union and Hong Kong flags, which were lowered for the last time; and the five-star Chinese flag, which finally took its place on the newly-restored Chinese soil, and the new Special Administrative Region of Hong Kong flag.

The final ceremony was too hurried and rigid to produce much emotion. As the clapping melted away the British party hurried from the hall, their presence now redundant.

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What the handover will mean

Remind me, why exactly has Britain handed Hong Kong back to China?

Because Britain had a 99-year lease on the New Territories, which comprise some 90 per cent of Hong Kong's territory. The rest of the territory was granted by China to Britain in perpetuity, but Hong Kong could not really function with just 10 per cent of its land mass. The New Territories lease expired yesterday.

So, will Hong Kong just be another part of China?

The post-colonial Hong Kong is called a Special Administrative Region of China, and will have a high degree of autonomy from Peking for a period of 50 years during which the territory will be allowed to continue with its distinctive *laissez-faire* system.

That sounds very much like the party line.

What's the truth then?

Hard to say, but it already looks as though the promised

Stephen Vines examines the small print of a treaty ending 160 years of British imperial rule

high degree of autonomy won't be realised. There are already signs that the Chinese leadership is actively intervening in the running of Hong Kong.

Such as?

China has insisted that new laws be enacted against secession and subversion. Chinese leaders have also indicated that certain types of criticism, such as personal attacks on the Communist Party leadership, will not be tolerated.

But surely the Basic Law, Hong Kong's new mini-constitution, guarantees all the existing freedoms and rights?

Yes, up to a point, that's true. The Basic Law protects press freedom, the right of assembly and freedom of speech, but it may be argued that the rather dusty document called the Chinese Constitution also contains many guarantees of rights which are more honoured in the

breach than in the observance. Are you saying then that as from today Hong Kong can kiss goodbye to the high degree of liberty it has enjoyed in the past?

It is very hard to be quite as categorical as that. Tung Chee-hwa, Hong Kong's new head of government, promises to be a protector of the territory's liberties, and has even said he would resign if he saw them being undermined. At the same time, he has been an active proponent of all the measures which the Chinese government wants introduced to curb civil rights.

Surely all this is only the concern of a handful of political activists?

Not really. The fate of civil liberties goes to the heart of questions related to the rule of law. If the current legal framework is changed to accommo-

date a more oppressive civil rights regime, it will send a clear signal that the rest of the legal framework is in question. But we've been told that the legal system will remain unchanged.

True, and the new order has made a good start by appointing a well-respected lawyer, Andrew Li, as the Chief Justice. But at the same time, Mr Tung and Elsie Leung, the new Secretary for Justice, have been blithely talking about new laws having retrospective effect and seem happy to see new legislation enacted which gives wide, unspecified powers to the authorities to act against political opponents.

What about elected forms of government?

As of today, all elected tiers are being scrapped and replaced by new bodies. The old elected legislature has been

kicked out and replaced by a China-appointed body, and at local level, the former elected councillors have been allowed to retain their seats but are being supplemented by appointed councillors, almost all of whom are supporters of the new administration.

Surely this is no more than a temporary measure, to be followed by elections?

Elections have indeed been promised within a year. The question is whether, as Robin Cook, the Foreign Secretary put it, "they will be free and fair". Some of the rumoured plans for a new election system have the smell of election rigging.

Some things won't change will they?

Actually many things won't change, or will only do so very gradually. The currency, for example, will remain the same, English remains as an official language and Hong Kong will retain its own border controls, specifically meaning that people from the mainland will need permission to come in.

Diary



Patten's last days — The Director's Cut

Governor Chris Patten was famous, during his governorship, for arguing the democrats' cause. All of which did not, of course, endear him to Peking. It was therefore perhaps not entirely surprising that Chinese television wished to present its own view of the departure from Government House of Mr Patten yesterday, the man who they had so roundly and frequently abused.

For most of the departure ceremony, Chinese mainland television used the live pictures which were being broadcast by Hong Kong television. But the mainlanders also installed their own camera in the Botanic Gardens above Government House, which they regularly cut away to. The camera did not have a view on to the ceremony itself, so the cutaways were somewhat baffling — at least until observers noticed a pattern.

Bringing down the Union Jack for the last time was, naturally, shown in glorious technicolour. But whenever Mr Patten stopped to have a friendly conversation with a Chinese person, Peking mysteriously became more interested in the anodyne view of the gates of Government House. Could it be that Peking is unwilling to let anybody think that Mr Patten has a warm relationship with Hong Kong Chinese? Of course not. Unthinkable.

At the clutter of colonial rule has been shipped out or is finding its way into the

bric-à-brac shops and bins. But one relic at least has found a dignified new Hong Kong home. The huge, gold-encrusted coat of arms that hung in the ballroom of Government House became the subject of much discussion: where to take it? What to do with it?

The coat of arms had been smuggled down to Hong Kong from the embassy in Peking during the jittery days of the Cultural Revolution, when British diplomats feared that the building might be sacked by Red Guards. In the countdown to D-Day, there was talk of returning it to London. But it is now to be moved to the grand new consulate designed by Terry Farrell, architect of M16's new headquarters on the Thames.

At least one Briton is not in danger of being sidelined by the new changes. What former prime minister Edward Heath would no doubt call pragmatism and vision has ensured him a place in the official Chinese history books. Chinese state television has made available approved library material on Hong Kong, for broadcasters to use. Titles include: *Mao Tse Tung and Hong Kong*; *Deng Xiaoping and Hong Kong*; Chinese president Jiang Zemin and Hong Kong; Li Peng [prime minister and man responsible for Tiananmen] and Hong Kong; Oh yes, and... *Edward Heath and Peking*. Nice to be up there with all the greats. Maybe it's called flying the flag.

Steve Crawshaw

At least mainland China does not scorn all things English. The *South China Morning Post* reports that China is now in the grip of a Jane Austen craze: "Jane Austen has become the new opiate of the masses".

Jasper Becker, the paper's Peking correspondent, quotes a Chinese translator on the enormous excitement generated by the BBC production of *Pride and Prejudice*: "Everyone's watching it, turn on your TV and it's there... It is about the problem of self-delusion, and that is something the Chinese don't like to own up to." There is no word on the response to Mr Darcy and his clinging wet riding breeches; a Chinese equivalent of Bridget Jones has yet to bid for an interview with Colin Firth.

All sorts of little hiccupps along the way to the final act. The swearing-in of Hong Kong's unelected new legislature took place in the early hours this morning. The judges who conducted the swearing-in needed to do some homework before the big day. Their knowledge of Mandarin Chinese — as spoken in Peking, but not in Cantonese-speaking Hong Kong — was not up to scratch. So they had to be sent off to have intensive rehearsals in *putonghua*, the common language. Other Hong Kongers hope that the mutual understanding between the judges and Peking will not be too close.

Jojo Moyes
London

As the Chinese flag was raised, bringing a loud cheer from the crowd assembled in the centre of London's Chinatown Sandie Chan burst into tears — but not tears of sorrow.

"Excuse me," she said, as her friend passed her handkerchief. "I think if I'd been in Hong Kong I would just be celebrating but this morning I went to the British Museum and I was looking at what they took from the Tang Ming Dynasty and I know it was taken in war, but..."

Sandie Chan, like many of the 300-strong crowd assembled at the bank of television screens showing the handover ceremony on the corner of Gerrard Street, was glad to see China resume sovereignty over Hong

In London's Chinatown emotions were high, but there was a good deal more joy than foreboding

Kong. While sensitive to the presence of so many "gwellos" (white ghosts) she was more critical of Britain's colonial past than fearful of a future under China. Her emotions were heightened by having been subjected to what she saw as rude, invasive questioning when she arrived in Britain on holiday.

"This immigration official was so rude," she said. "Did she think I was trying to flee here because of the handover?"

Zoe Chan, 23, waiting for her parents, was already looking forward to travelling to the mainland. Currently in Britain to study science she said that although Hong Kong was her

home, she would be looking for a job in China: "My father works in Guangdong. There will soon be a lot of opportunities for people like me."

Ms Chan, whose Hong Kong-based parents were visiting Britain for the handover, said those, like her family, who had had business dealings in China, believed there was little to fear: "A lot of this is just down to the fear of the unknown."

Whether it was the Hong Kongers' customary bullishness, or genuine confidence, it was left to some of the Brits in the crowd to shed tears of sadness for the passing of empire.

At least two men in the multi-cultural crowd wept as the screens showed the British flag being lowered.

"I used to live there. I think it's terribly sad and I worry for my friends," said one man, who declined to be named.

But for the Hong Kong Chinese already dispersing back towards their stalls and restaurants 10 minutes after the exchange of sovereignty, it was already time to look forward.

"It is good!" said student Leung Lap-Chi who had travelled down from Leicester, where he was studying. "It is important to be here. After all we are Chinese. Hong Kong Chinese yes, but we are Chinese."

Ms Boothroyd sent a personal message of support to the people of Hong Kong only half an hour before the colony was handed back to China. Ms Boothroyd paid tribute to the work of the Hong Kong Legislative Council, which will be replaced by an un-elected body when the handover is complete.

"Let me say that from this democratic institution, which is often known as the Mother of Parliaments, our thoughts go to Hong Kong and our best wishes for the future," she told the Commons in an unusual departure from the business of the House.

Ms Boothroyd said: "It is a very exceptional day for this country and for Hong Kong and I appreciate the fact that you have raised it with me."

Hong Kong 香港 handover

China's new top brass sweep in like emperors

Teresa Poole
Hong Kong

No Chinese emperor ever bothered to set foot in Hong Kong in the era before the "barren island" was taken by the British. But yesterday, China's leaders triumphantly swept in to reclaim the territory with all the confidence of a sovereign power that had never been away.

As the newly-raised Chinese flag fluttered in an artificial breeze above him, President Jiang Zemin declared: "The return of Hong Kong to the motherland, after going through a century of vicissitudes, indicates that from now on the Hong Kong people have become true masters of this Chinese land."

There were no thanks or even soft words to the British. "Hong Kong's prosperity today in the final analysis has been built by Hong Kong compatriots. It is also inseparable from the development and support of the mainland," said Mr Jiang.

There could be no better contrast of the two systems in which Hong Kong finds itself passing than the sight of the two country's senior representatives on the dais. From the moment the Chinese President and his delegation entered the hall their demeanour was stiff. Even when China's national flag was raised and the March of the Volunteers boomed through the hall they betrayed no sign of emotion. The Chinese side had never wanted a public handover ceremony, and were

There were no words of thanks or even soft words to the British for their stewardship

not going to let on that they were enjoying every victorious minute of it. Only the Prime Minister, Li Peng, seemed to allow himself one brief smile.

Mr Jiang, who in February had sobbed theatrically at the memorial service for Deng Xiaoping, yesterday looked no more sentimentally engaged than he does at a National People's Congress plenary session. Nor had he amended his turn of phrase to suit a more cosmopolitan audience. Hong Kong's return "is both a festival for the Chinese nation and a victory for the universal cause of peace and justice," he said. The day "will go down in the annals of history as a day which merits eternal memory".

Hong Kong's people, familiar with seeing Mr Jiang in action on foreign soil, will now silently be judging from direct experience what they make of their new leader. Mr Jiang again pledged that the new Special Administrative Region would keep its social and economic system. But Hong Kong will keep its laws only "basically unchanged", residents will enjoy "various rights and

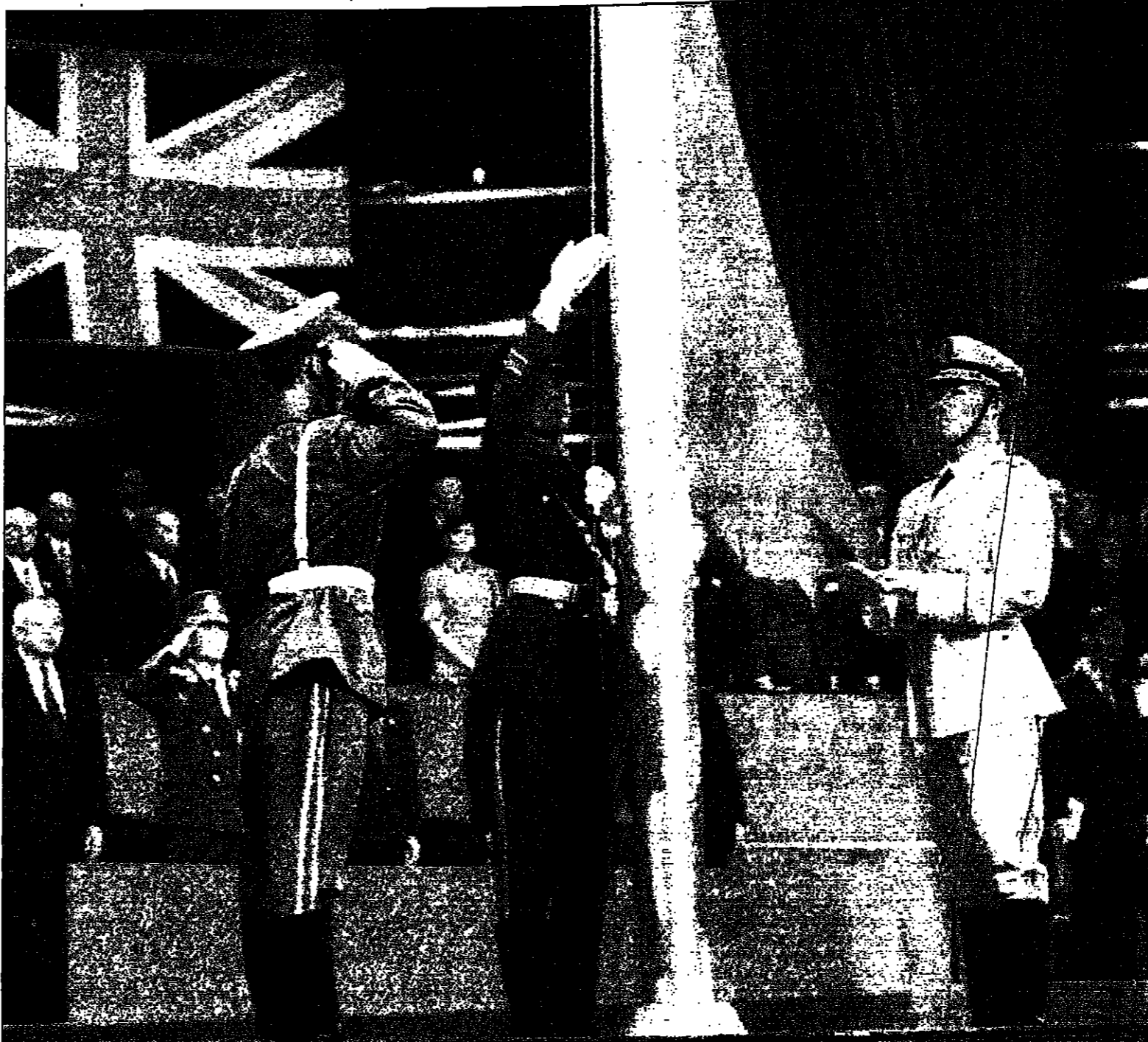
freedoms - according to law", and it will only be allowed to develop a democratic system "that suits Hong Kong's reality", he said.

It took just a few hours to put the stamp of mainland sovereignty indelibly on Hong Kong. By the early hours of this morning a new chief executive, hand-picked by Peking, had been sworn in, and Hong Kong's elected legislature replaced with one appointed by the mainland. Thus did the so-called "through train", the aim that the legislature could straddle the historic handover, come to a grinding halt in the Hong Kong Convention and Exhibition Centre.

The new Provisional Legislature was due to hold its first meeting at about 3am, passing the Reunification Bill, which introduces new public order, assembly and association restrictions and which replaces all elected tiers of government.

The manner of Mr Jiang's earlier arrival in Hong Kong illustrated the clash of political cultures which lies ahead. Against a backdrop of pouring rain, the President's Air China airplane landed just after 5pm at Hong Kong's airport. It would have been only a short drive from the luxury new villa in Shenzhen, the mainland special economic zone bordering Hong Kong, where Mr Jiang had spent the previous night. But that might have risked the possibility of encountering demonstrations along the way.

After being greeted at the airport, Mr Jiang was whisked off



Facing the future: President Jiang Zemin said 'Hong Kong people have become true masters of this Chinese land'

Photograph: David Rose

to the Harbour Plaza hotel, owned by one of the mainland's very wealthy Hong Kong friends, Li Ka-shing. It was there China's top leaders chose to dine rather than at the 4,000-strong lavish banquet laid on by the British. Almost his entire seven hours on Hong Kong soil before midnight was spent closeted in this hotel.

The Hong Kong handover ceremony was aimed as much to people inside China as to the world. Mr Jiang, who this autumn will be re-elected (unopposed) as head of the Chinese Communist Party and army chief, could not have asked for a better party political broadcast to be beamed at political rivals back at home. The President

knows his performance last night as China's leader should make him unassailable for the time being in the post-Deng era. In the final ceremony, Mr Jiang stood flanked by some of those on whom his political future depends. As well as Mr Li the top team included the vice-chairman of the Central Military Commission, Zhang

Wannian. Included in the 90-strong official Chinese delegation was the widow of Deng Xiaoping, Zhuo Lin, and one of the former paramount leader's daughters, Deng Lin. Deng, who died in February aged 92, was the architect of the "one country, two systems" policy. This morning, Mr Jiang will have got his first real sight of

Hong Kong when he joined morning celebrations before departing for Peking. Mr Li is not so adventurous, fully aware that he is a target for pro-democracy activists. He will depart at breakfast time for the more predictable celebrations in the Chinese capital. Never has a new sovereign power been quite so scared of hanging

Protesters defy police to light flame of democracy

Angelica Cheung
Hong Kong and Agencies

The leader of Hong Kong's Democratic Party, Martin Lee, served notice to China yesterday that he would fight on for democracy.

"We pledge to continue to be the voice of Hong Kong people - in or out of office - and to fight to get democracy back," Mr Lee told a crowd of thousands.

Within an hour of the midnight handover, Hong Kong's democrats put on a boisterous demonstration at the Legislative Council (Legco) building in the city centre, calling for freedom and democracy.

Despite earlier objections from the China-backed provisional legislature, a crowd gathered outside the Legco building, waiting for Mr Lee to give a "1 July declaration" on the balcony.

It was unclear until the last minute whether the police would allow Mr Lee to get on to the balcony, but he was very determined. He made it clear during a speech a few hours earlier that he had a 30ft ladder which he would use to climb "like Romeo" on to the balcony if the police tried to stop him.

The Democratic Party led by Mr Lee, a barrister, is the biggest and most popular po-

litical group in the former British colony. They won the largest number of seats in the elections in 1995, when Hong Kong people had a first taste of democracy.

Peking refused to acknowledge the elections, insisting that the political reforms introduced by the last governor, Chris Patten, were against the Sino-British agreement and the Basic Law of 1984, which laid the groundwork for Hong Kong's post-handover constitution.

Last year, an interim body, comprising mainly pro-Peking figures from which the Democrats were excluded, was set up to take over after the handover.

The new chief executive, Tung Chee-hwa, who backs the provisional body, has said that elections in the newly-named Special Administrative Region are planned to be held next May. The Democrats say they will stand for the elections, but they also fear that the rules may be changed to their disadvantage.

Mr Lee was expected to condemn China's curb on civil liberties and its decision to replace the elected law-making body with a Peking-appointed one, which was due to be sworn in early this morning. The declaration also expressed the party's determination to continue to fight for freedom and



Political opposition: Anti-Peking protesters trying to press through police to march on the handover

Photograph: AFP

democracy under Chinese rule, and for Western countries to monitor China's implementation of "one country, two systems". It urged the incoming government to hold elections as soon as possible.

Earlier yesterday evening, there was a whole series of pre-declaration activities in central Hong Kong, starting with speeches by political figures expressing their concern for democratic development in Hong Kong. There were also recitations, plays and concerts.

While another democratic leader, Szeto Wah, delivered a handover speech. The main slogan, very carefully chosen,

was: "Support the handover, defend democracy." Veteran Democratic leader Szeto Wah, called Uncle Wah by the audience, delivered a "handover speech" expressing the party's support for Chinese sovereignty and calling on Hong Kong people to meet historical challenges. He also expressed the belief that, with the support of the people, the party will make a comeback next year and create a democratic Hong Kong.

Soon after midnight a "flame of democracy" was lit by the Democrats, accompanied by patriotic songs. Later, the shirt-sleeved demonstrators wearing headbands and carry-

ing banners, marched through the streets, unaffected by the rain, heat and thunder. Despite the countless celebration activities going on in all corners of the city, Democrats were yesterday hopeful that many local Chinese would come to last night's demonstrations.

One spokesman said that if only 50 people joined the demonstration the authorities would arrest them. If there were 5,000 demonstrators, he said, the authorities would stare at them. If the number got to 50,000, "then the authorities will clear the road for you."

Businessman Alan Chan said: "All other mainstream ac-

tivities are predictable. As a Chinese, I support the handover. But I think Hong Kong people should support the Democrats, because, now that the British are gone, the Democrats will be the only people who can defend our freedom. If the Democratic Party cannot survive, Hong Kong's future will not be promising."

Most of the ousted legislators from Legco plan to run in the elections promised for next year. "Some of us will leave this council in order to get back in a way we want," said Christine Loh, who recently founded the Citizens' Party, which like the Democrats favours liberal reforms.

Citizens want greater say in future plans

I went to sleep on 30 June in British Hong Kong, and woke up today in China. The last day of June was also the last day for me as an elected legislator. The impact of what this means is still sinking in.

Frankly, I don't feel any different. I think what I think and politics is still my business. If anything, I want to be more creative in my political work in order to heighten awareness among Hong Kong people that they need to actively participate in politics.

Hong Kong people have never been given the chance to be "citizens" in the true sense of the word. Under British rule, we could not really participate fully in collective decision-making. Since 1982, when Britain and China first started to negotiate Hong Kong's future, the two sovereign powers both pro-

fessed to act in our best interests, but in reality, they treated our future as a commodity, something to be bartered, bargained over, managed and exploited. No wonder Hong Kong people feel disempowered!

It would be tragic if in gaining a country we were not gaining that voice in determining our own affairs. We want to have an expanded rather than limited say in charting our own future.

Hong Kong people, like many Asians, are afraid of politics because our history shows that politics has been a nasty business. Good people, like Sun Yat-sen, the father of modern China, died disillusioned. Mao Tse-tung's selfish excesses prevented China from real progress for three decades.

Many people are also put off by politics. They are unhappy with the worst side of the business when politicians from different parties spend more time exchanging insults with each other than in finding solutions to real problems. We must get out of this way of thinking otherwise we will never believe participation and representation are important in public life. We run the danger of continuing to leave important decisions to others whose interests might be very different from our own.

I am told constantly that my wish to bring nobility back to politics is naive. I am told that when power is involved, then there will



Changing lives: In an occasional series, Christine Loh, a leading Hong Kong democrat, reflects on the handover

always be too much vested interest to act from principle.

I think this view is too cynical. I see public decision-making as all other decision-making. Choices must be made all the time. We can all make better choices. To compromise is not necessarily to veer from principle unless decisions are made contrary to the public interest. A compromise should be a win-win decision after all.

Anyway, the majority of Hong Kong folk enjoyed the five days of handover holidays because they could have a longish break first and foremost. For an event billed internationally as the most significant one of the year, Hong Kong people were rather blasé.

The official change of sovereignty ceremonies were solemn. Those whose jobs were to "celebrate" worked hard, but ordinary people remained indifferent. I see this as the strength of Hong Kong people. We don't jubilate just because we are supposed to or told to. We don't act excited when we are not. We accept that Hong Kong is now a part of China but we are not prepared to act as if we have no anxieties.

Hong Kong's calm goodbye to Britain and cautious welcome to China is entirely appropriate in view of the fact that we had no voice in determining the chain of events leading to the handover, and our elected representatives are being ejected.

Christine Loh is chair of the newly-formed Citizens' Party.

Freedoms guaranteed, but for how long?

Sam Coates

The Basic Law, Hong Kong's mini-constitution, guarantees that the territory will continue to be governed in much the same way under Chinese rule as it was during the British administration. It outlines the basis for Deng Xiaoping's "One Country - Two Systems" principle and enshrines in law people's freedoms. However, it also makes provision for the incoming Hong Kong government to override many of those guarantees if there is any threat of "subversion".

The ability of the Hong Kong government and judiciary to make deci-

sions independently of China is set out in article 2 of the Basic Law. This states that Hong Kong will have "a high degree of autonomy and enjoy executive, legislative and independent judicial power, including that of final adjudication, in accordance with the provisions of this law". This is supplemented by article 3, which ensures that the government will only be made up of Hong Kong people, not by officials drafted in from the mainland.

The "One Country, Two Systems" principle is outlined in article 5: "The socialist system and policies shall not be practised in the Hong Kong SAR [special administrative region], and the

previous capitalist system and way of life shall remain unchanged for 50 years."

Article 27 guarantees freedom of speech and a free press in Hong Kong. However, there has been increasing self-censorship in the local media. This article also says that people will have "freedom of association, of assembly, of procession and of demonstration" - though subsequently the provisional legislature has reinforced the old colonial laws which mean that protesters have to seek prior permission from the police.

Article 68 guarantees that the Legislative Council will be elected. How-

ever, because of Chris Patten's decision to widen the franchise for the Legislative Council election in 1995, China has decided to scrap the existing Legco. The eventual aim, according to the Basic Law, is "the election of all members of the Legislative Council by universal suffrage".

Despite all these promises, article 23 gives the SAR government the opportunity to enact laws which could overturn many of the freedoms outlined in the other parts of the Basic Law. It comes into force if there is a threat of "an act of treason, secession, sedition [or] subversion" against China, or "theft of state secrets". It is also

designed "to prohibit foreign political organisations or bodies from conducting political activities in the region, and to prohibit political organisations or bodies of the region from establishing ties with foreign political organisations or bodies".

This has been interpreted by many as giving the new administration wide-ranging powers to deal with its critics.

Cynics will inevitably draw comparisons with the constitution of the People's Republic, which is also littered with pledges and rights that have been disregarded by the government.

Carr

100,000 gather in Tiananmen Square to celebrate return of the territory on an extraordinary day

by Parker

The return of Hong Kong to China is a historic moment, and the people of Hong Kong are celebrating it with a series of events.

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Hong Kong 香港 handover

Carnival comes to Peking streets

100,000 gather in Tiananmen Square to celebrate return of the territory on an 'extraordinary day'

Red Panther
Peking

Some 1,200 miles to the north of the formalities taking place in Hong Kong, an invitation-only crowd of more than 100,000 gathered in Tiananmen Square in Peking. They counted down the seconds to midnight, and then issued an enormous cheer to welcome the return of the territory to Chinese sovereignty.

The moment capped days of excited anticipation in the Chinese capital. Its major streets decorated with fairy lights, coloured flags and red Chinese lanterns, Peking has enjoyed an unusual carnival-like atmosphere.

Residents and visitors alike have thronged to Tiananmen Square in recent days, brandishing both the national flag of China and the new flag of the Hong Kong Special Administrative Region.

"This is an extraordinary day for all Chinese people, no matter where they live. This is a day to remember forever," said Liu Jinghai, who travelled from Shanghai together with his wife, daughter and parents to be in Peking for the festivities.

Mr Liu and his family spent yesterday afternoon strolling the square and then joined a long queue of people waiting to snap their photographs in front of a huge digital clock that for months has been counting down the days and seconds to the Hong Kong handover.

"We just want a picture of ourselves in front of the clock as it shows only one day remaining," his 12-year-old daughter said.

While ordinary citizens have been granted a two-day holiday to mark the turnover, thousands of Chinese police and paramilitary police have been working overtime.

Their task has been a delicate one. Although the Chinese authorities have encouraged an energetic and

patriotic response, they are also concerned about the potential for any spontaneous outpouring to turn disorderly or, worse, into an occasion for the expression of other, unsanctioned political views.

Tiananmen Square remained open to all of Peking's 11 million residents until late on Monday afternoon, but attendance at the all-night party was limited to a carefully chosen élite of 100,000.

Those in Hong Kong who fret about the presence of Chinese troops in their midst might take some cheer from the behaviour of the Peking police who yesterday cleared tens of thousands of revellers from the

square to prepare for the evening's celebration.

Passably civil if not quite polite, uniformed police shepherded crowds away from the vicinity of the massive square and urged people to go home and watch the festivities on their televisions.

They were armed with nothing more than bullhorns, but visible in the back streets around the square and on the grounds of the nearby Museum of Revolutionary History there were additional police, prepared to provide extra support.

Many members of the crowd sought to linger, or to wander back toward the square, but they all good

naturally heeded the warnings to continue moving away.

"I am sorry I can't attend tonight's party, but I am very happy to be able to come here today," said a mid-ranking official in the Chinese Ministry of Justice, who declined to give his name.

"I lived for five years in Japan and

Set piece: Dancers adding a swirl of colour to a background of rain for the farewell ceremony in Hong Kong yesterday. The formal celebrations were accompanied by parties and dinners that used the occasion as an excuse for extravagance

Photograph: David Rose

I could have remained there, but I wanted to come back. This is a great time to be in China. Our country is growing strong and Hong Kong's return is the greatest proof of that," he said.

Elsewhere in Peking, excitement likewise verged on disorder. A branch post office on South Dong Si Avenue was besieged by an unruly crowd hoping to get part of an advance allotment of special commemorative stamps being issued to mark the return of Hong Kong to China.

At least one thousand people queued around the block, with the front pushing forcefully to get in.

"I have been waiting here for two hours, and I am planning to buy the special edition gold-foil stamp. I think it will go up in value, but I mainly want it as a souvenir," said one punter who declined to give his name.

For all their excitement, some in Peking said yesterday that they were growing weary of the lengthy build up to the turnover, and of the centrally choreographed celebrations.

"The return of Hong Kong is of course a very nice thing for China, but I wish the government would spend less money on lights and banners and decorations. They should be spending that money to build decent housing for ordinary people," one Peking driver said.

Reuters — A choir of 10,000 singers lined the banks of Shanghai's Huangpu river and sang the revolutionary hymn "Without the Communist Party there would be no New China" and a new pop song "1997". In the boomtown of Shenzhen, lion dancers, children beating drums and flag-waving residents cheered as the first 509 active troops of the People's Liberation Army entered Hong Kong.

No time wasted as forces arrive by land, sea and air

Stephen Vines
Hong Kong

China wasted no time asserting its newly-regained sovereignty over Hong Kong. Within six hours of the handover, 4,000 troops of the People's Liberation Army (PLA) were due to arrive at dawn by land, sea and air.

A small contingent of 509 soldiers drove into the territory three hours before the handover to be ready, in the words of a decree from President Jiang Zemin, to take over the defence of China's newest region. The bulk of the troops were due to enter by three land crossings. Naval forces were due to arrive in 10 ships, with six helicopters comprising the air arrival. Most controversially, China was due to send in 21 armoured cars similar to those deployed in the 1989 Tiananmen Square massacre.

Although this caused some disquiet in Hong Kong, villagers in areas close to the border festooned the route to the centre of town with flags, flowers and colourful banners saying "Welcome to the Reunification of Hong Kong with the Mainland". The Chinese military garrison will consist of 4,700 troops, many more than were stationed in Hong Kong by Britain in recent years. They will occupy the British-built barracks and headquarters building, as well as taking over a recently-constructed naval base custom-built for the new arrivals.

At the stroke of midnight yesterday, China's red flag was raised over the former British

China rushes to establish a military presence within hours of British departure

military headquarters, the Prince of Wales Building, which has yet to be renamed. Clad in newly-designed uniforms and armed with rudimentary knowledge of Cantonese as well as English, the PLA garrison is seen as an élite force.

As they left the Chinese border town of Shenzhen the troops were instructed by General Liu Huaqing, vice chairman of the Central Military Commission, to be on their best behaviour. "With your actual deeds you must win the support and love of the Hong Kong people," he said.

Although an élite force in Chinese eyes, they will be panned by Hong Kong standards, earning less than £10 per month, which is the price of a couple of beers in some of the more trendy bars.

They were given a rousing send off by children banging drums and waving ribbons, as lion dancers twisted and turned to bring good luck. Once well respected, the PLA's reputation has been severely damaged by its role in the Tiananmen Square massacre. One of the generals commanding the new Hong Kong forces told Bryan Dutton, the outgoing British

commander, said he was well aware of the army's need to restore its image and saw the Hong Kong deployment as an opportunity to show the world that it could do so.

However both the relatively large size of the garrison and the decision to bring in armoured cars, which could well be used for internal control purposes, has been criticised by the American and British governments. Robert Cook, the Foreign Secretary, said that "there is no doubt that China has the right to station units within the PLA in Hong Kong, but the question is the scale of the initial deployment" and added that bringing in armoured cars was "unnecessary and inappropriate".

China insists that the stationing of troops is a matter of Chinese sovereignty and is no business of anyone else. At an early stage in the negotiations for Hong Kong's handover, the late Chinese leader, Deng Xiaoping, flew into a rage on being told that his officials had been sympathetic to British demands for a minimal Chinese military presence in Hong Kong. He insisted that China would maintain a garrison at least as large as Britain's.

The troops in Hong Kong are backed up by a sizable force on China's border which can be mobilised in case of emergency. All troops in the region have been put on alert during the handover period, reflecting China's extreme anxiety over stability in the early days of Chinese rule in Hong Kong.

Colonial colours make way for Chinese



Symbolic gesture: The Union flag and the former Hong Kong flag being lowered for the last time

Photograph: David Rose

Blair accepts invitation to visit China

Teresa Poole
Hong Kong

Tony Blair, the Prime Minister, last night accepted an invitation from President Jiang Zemin to visit China. During a 40-minute meeting, during which the Chinese president joked about Mr Blair's youth and how to overcome jetlag, the two leaders talked about "a new beginning" for a bilateral relationship which has spent the past five years on a roller-coaster of rows and reconciliations.

About three hours before the British flag came down for the last time in Hong Kong, Mr Blair told the Chinese President: "I would very much like to see that as this chapter in our history ends, we open a new chapter for the future, one of partnership and prosperity for our countries." He said that Britain wanted a relationship "based on the 21st century, putting the battles and struggles of the past behind us because we want a new relationship for a new world". A red bound volume of Shakespeare's collected works was presented to Mr Jiang, who tends to be fond of quoting the bard when meeting foreigners.

Mr Jiang, remembering how, as mayor of Shanghai, he received the Queen

Prime Minister tells Jiang that historic day marks new dawn in Sino-British relations

in 1986, congratulated Mr Blair on his election victory and issued a formal invitation to Mr Blair to visit China. A couple of hours later, Mr Jiang was able to renew his contact with British royalty with a brief exchange with Prince Charles.

Coming from a country where top leaders tend to reach their position long after they are pensionable, the 70-year-old Chinese President was bedazzled by the 44-year-old Blair's youth. "If there is one thing I have to admire about you, you are a young man. And it is pointless to be jealous of that because it is an objective reality." His youth, it was suggested, might have helped him with the jet-lag.

No time scale was discussed for a Blair visit to China, which will be the first by a British prime minister since a disastrous trip in 1991 by John Major. Robin Cook, the Foreign Secretary, earlier told his counterpart, Qian Qichen, that he would like to visit before the end of this year. This autumn, Mr Jiang has both the Communist party congress and a state visit to the United States, so Mr Blair will

probably have to wait until next year. He last visited China in 1988. "I was even younger then," quipped Mr Blair.

The good-natured exchanges of the meeting, however, will not be enough to ensure a smooth ride during the next phase of Sino-British relations. And Hong Kong is still going to be the sickening point. Mr Blair repeatedly emphasised that China's adherence to the Joint Declaration, including free and fair elections, was a prerequisite to a new era in bilateral ties. He also had talks with the Prime Minister, Li Peng.

Hong Kong's new leader, Tung Chee-hwa, promised elections by next May "at the latest", which would replace the China-appointed legislature sworn in last night. However, Mr Tung intends to change the voting system even for the minority of directly-elected seats, and the proposed new electoral systems would all result in a reduction in the number of seats likely to be won by the Democratic Party. It remains to be seen how tough the British government will be if

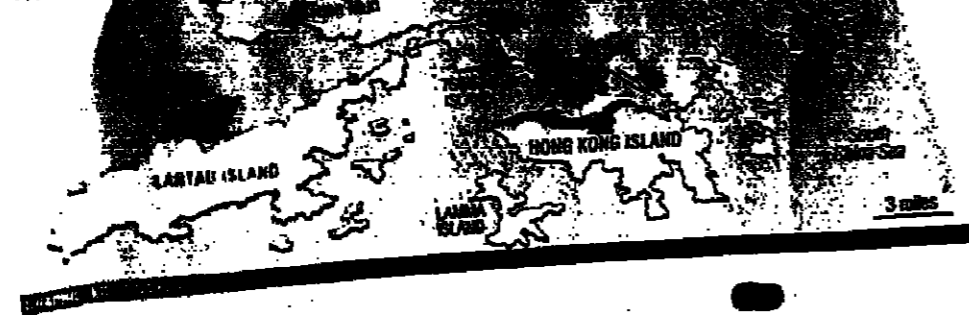
it does not approve of the new system. Mr Blair was also said to have stressed freedom of the press and human rights in Hong Kong during the meetings with Chinese leaders and Mr Tung. But Hong Kong's political activists will be waiting to see whether Britain starts soft-peddling in its avowed commitment to keep an eye on China's stewardship of the territory, preferring to put first the future potential trade and business links with the mainland.

Friendly overtures by China are likely to frost over if Peking decides London is trying to "meddle in China's internal affairs" — an accusation which tends to be defined broadly enough to cover anything. The British position is that as the Sino-British Joint Liaison Group continues its work until the turn of the century, this gives London the right to monitor developments in Hong Kong.

In the short term, with the vibes sounding much more buoyant than for a long time, the Government's biggest challenge will be to trawl through London's bookshelves. During last night's meeting, Mr Jiang said he was interested in a English novel called *Waterloo Bridge*, but neither Mr Blair nor his entourage had heard of it.

How China marched in

China moved its first contingent of troops "to Hong Kong at around 06:00 local time from Shenzhen via the border crossing point"



Hong Kong 香港 handover

Territory toes the party line with a big bash

For many residents, the point of the night wasn't politics - it was the chance to celebrate

Susan Oh and Sam Coates

While the world's attention was focused on the handover of power from one nation to another in Hong Kong's Convention and Exhibition Centre, for residents of the (former) British colony, that particular event may not have been of quite such dramatic importance. For many



Party's over: Chris Patten and Prince Charles yesterday

outside the Convention Centre, the evening was spent winning and dining in one - or several - of the territory's many parties.

Socialites in custom-made colonial gowns and cheongsams at the Regent Handover Extravaganza toasted Hong Kong's last few minutes of British rule with Champagne and a fanfare, as part of a bash that cost over \$1m in sets, costumes and live entertainment. The highlight was the appearance of a "governor" in 1850s Edwardian dress and a Chinese beauty draped in a red cheongsam made of mirrors, who were escorted across a ballroom by a pair of Sikh guards to live bagpipe music. At that point Britannia herself stepped in, adorned in a crystal studded fake fur gown and followed by flag bearers. Then on the stroke of midnight the entire ballroom was transformed into a deft mock-up of Tiananmen Square.

At that moment on the other side of the harbour, the likes of supermodel Claudia Schiffer were finishing off their fifth and final course whilst watching the Convention Centre ceremonies, before taking to the dance floor



Jacking it in: Revellers carrying a Union Flag through the Hong Kong streets

Photograph: David Rose

once again to dance away the night, accompanied by a live pop band.

Those on the guest list of one private party in the Midlevels area were treated to a tape from the China Products Emporium department store, greeting the new Chinese leaders. Then immediately after midnight, the group promised they were going to first toast the Queen and sing the British National Anthem, followed immediately with a toast to the Chinese leadership. Those who knew the Mandarin lyrics would then join in a muzak-and-chorus recording of China's national anthem.

Every spare inch of roof space was used for partying: on top of shopping centres, office blocks, in cafes and on junks. Revellers dressed in everything from colonial gowns of satin to Shantung silk suits. Private parties booked belly dancers, snake charmers and live bands. Caterers cashed in on the evening, and despite charging more than double for last night, most had been booked up for more than six months.

There were the odd places, however, where celebrations were not quite as lively as they could have been. Hong Kong's most famous hotel, the Peninsula, which overlooks the har-

bour, passed over the opportunity of a handover party, preferring instead to organise a series of dinner-dances in each of its restaurants. They didn't even count down the last few seconds of colonial rule - some

events were in celebration of the club's sixth birthday. For most people in the territory, many of whom work six or seven-day weeks, the almost unprecedented five days holiday that has been granted over the

'Every inch of space was used for partying, in cafes and on junks'

guests were unsure when one administration had ended and the next begun. Some places even refused to acknowledge the great event at all, with the China Club claiming that their

handover period gave ample opportunity for every permutation of party and celebration.

One of the hottest tickets in town over the handover period was the "Unity" rave, which was

held last Saturday night at an exhibition centre near the airport. It was organised by prominent local businessmen, and despite the entrance fee costing over HK\$75 (£60), tens of thousands of people packed in to the venue to hear the live bands and DJs. Many, however, did not last all the way through to the end as it lasted a mammoth 12 hours, from 10pm on Saturday night through to 10am on Sunday morning.

The rave included a number of celebrity guest stars, including DJ Boy George and Grace Jones. The Harbour was the focus for many people's celebrations

in recent days, with junks all around the island. Several people coasted round the special exclusion zones to watch the British and Chinese fireworks displays from a better vantage point than the tens of thousands who were trying to see from the harbour side.

Many will take to the water again this evening, to see the "Hong Kong 97 Spectacular" - a fireworks and light show spanning the entire harbour. It is produced by Don Mischer, who directed the opening and closing ceremonies at the Atlanta Olympic Games and organised the Grand Opening of Euro Disney.

What the Chinese press had to say

Angelica Cheung

On the last day under British rule, the Chinese papers in Hong Kong focused on the arrival of state leaders from all over the world to attend the handover ceremony, the preparation work for last night's celebration and celebration acts lies in Chinese communities all over the world.

Additional stories included research which showed a sudden drop in confidence towards the "one country, two systems" policy, because some people were worried about Hong Kong's economic future and suspected that freedom would be restricted. The report said many people got depressed and nervous as the handover began to loom.

Several papers reported on the preparation work of more than 10,000 people in villages close to the Chinese border to welcome the arrival of the People's Liberation Army soldiers

on the morning of 1 July. On top of that, thousands of villagers spontaneously organised "welcome teams" to meet the Chinese army.

Other reports included the news that Shenzhen public security bureau had received information that two separatists from Ningjiang province on the north-west border had entered the city at the Hong Kong-China border, and were planning to place bombs, possibly at the railway station during the handover.

There were also reports said to be from British military intelligence sources which said that the IRA was planning to create trouble in Hong Kong to attract world attention.

On the China pages, the *Economic Journal* reported that Peking had decided to carry out a major reorganisation of its publishing business. All the internally distributed publications would be closed down and



Angelica Cheung took a look through the Hong Kong newspapers on the last day of colonial rule and found them focusing on the handover celebrations

registration for new newspapers had stopped since early last year. At present, there are 2,202 registered newspapers in China, plus more than 6,400 internally distributed ones.

On the entertainment front, action star Jackie Chan had returned to the territory from the shooting of his new movie to participate in the handover extravaganza, playing the role of lead drummer. For the first time in 20 years, seven top stuntmen-turned action stars would reunite, and put on a

show to celebrate the handover. All the editorials of the Chinese press commented on the end of the British colonial rule last night. The out-spoken *Apple Daily*, owned by anti-Communist businessman Jimmy Lai, said that when the British occupied Hong Kong during the Opium War, they never expected that the deserted island would become the most free and prosperous economic centre in the world. It said Hong Kong's history reflected the merging of two different kinds

of culture - Asian and Western - which had made the territory a place of creativity. The paper said the British had come with shame, but after creating a wonder in the world, they could retreat with honour.

The mainstream *Ming Pao* pointed out that although Hong Kong should go back to China, people should think about what British legacy should be preserved after the handover.

It said the British had set up a sensible and modern system, so that diligent Hong Kong people could compete freely on an equal footing and make use of the opportunities brought by China's open door policy. The paper said the efficient system comprised three parts, a free-market economy, a clean and efficient bureaucratic team and rule of law, which the new government should maintain.

The business daily *Hong Kong Economic Times* commented on the potential economic

changes brought by the handover, saying that under British colonial rule, British companies had enjoyed privileges in the territory.

But in a new era which began today, the dominant players on Hong Kong's economic scene would be Hong Kong Chinese and mainland capitals, and if the British could put themselves in a proper position, they could continue to have a part in Hong Kong's prosperity.

The Peking-backed *Ta Kung Pao*'s editorial was titled "Goodbye Britannia", having a go at the Democrats.

It said that it was time for Hong Kong Chinese to look forward to the new era, and that if Hong Kong people wanted democracy and freedom, the first thing was to put colonial system to an end. It said the Democratic Party leaders might be temporary guests on the *Britannia*, but eventually, they had to come back to land.



Open house: The scene at Government House yesterday

New uses for an old home

Stephen Vines
Hong Kong

Government House, the home and office of successive Hong Kong governors, will not become a "museum of colonial atrocities" as the outgoing Governor Chris Patten liked to joke. Instead it will be a mixture of an official guest house, a place for formal government occasions and parts of it might well be opened to the public.

Tung Chee-hwa, Mr Patten's successor, has declined to live there because he fears it has had *fung shui*, meaning that its location is unfavourably oriented and could bring bad luck.

However, Mr Tung seems to have been impressed by the last Governor's tentative attempts at opening up the house. He made the premises available for charity concerts and opened the gardens at times when the azaleas and rhododendrons bloomed.

The 100 or so staff had been fearful that they would lose their jobs, but have now been

told they can stay on although it is not clear what functions people like the tailor and various office staff will perform.

Mr Tung is not even intending to have an office in Government House. He prefers to operate from the 1960s Municipal town hall-style Government Secretariat down the hill. This involves kicking both the Chief Secretary and Financial Secretary out of their offices to create a new suite of rooms for the top man.

Government House, built in 1855 and briefly occupied by the commander of the Japanese forces during the Second World War, is seen as just that bit too colonial for the new order. It is remarkably similar to other colonial buildings in the Far East and, by Hong Kong standards, is remarkably old.

Were the new order keen to raise some cash they might consider releasing this prime property for redevelopment. It would be sure to fetch a price somewhere in the outer stratosphere.

News-stands are closed in police clampdown

Stephen Vines

News-stands in the streets near Hong Kong's Convention Centre, where the handover ceremonies were taking place, were shut down by the police during the five-day period set aside to mark the event.

The police claim that the clampdown on newspaper sales is part of a routine crackdown on illegal hawkers. However, licensed news-stands have also been shut down. In addition, hawkers selling newspapers and mag-

azines in the nearby Causeway Bay area have been requested by the police to place controversial political publications either under the counter, or in less prominent positions.

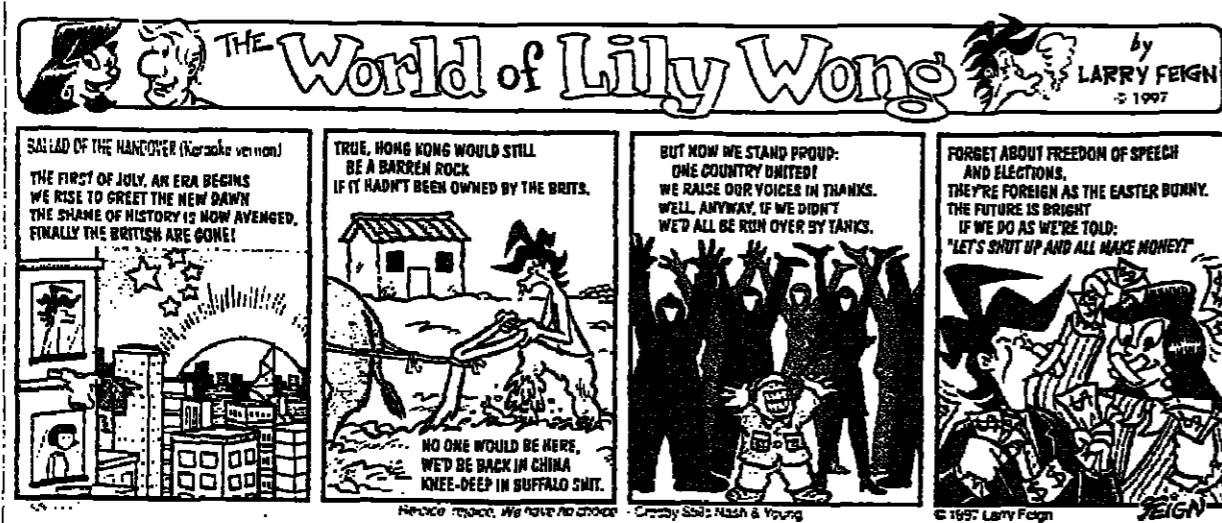
Hawkers were told that the closure was prompted by fears that they would display sensitive publications which might offend guests participating in the handover events. This unprecedented closure of news-stands prompted the editor of a China-watching magazine to say: "It sends a very worrying message if the police are already preventing

the sale or even display of publications which may be offensive to people taking part in official events."

The shut down has been conducted beneath a veil of secrecy and began before the handover ceremonies even started. It appears to be part of a process of placing a ring of steel around the convention centre, both for purposes of security and to ensure that the Chinese government participants are not aware of any protests or any form of activity which can be regarded as critical of the new government.

Aside from attempts to keep newspapers off the streets around the convention centre, the impression of an early start for press censorship was reinforced on Sunday night when both Hong Kong television stations were accused of refusing to cover a protest rally organised by the Democratic Party, Hong Kong's largest party. The party says that a diminishing number of their events have been receiving television coverage. However, the Sunday night demonstration was well covered by foreign television stations.

As if to prove a point the television stations also declined to cover last week's launch of a report on freedom of expression in Hong Kong compiled by the Journalists' Association and the Article 19 anti-censorship pressure group. Reports of this kind used to be well reported by the electronic media which had a healthy appetite for press freedom stories. Carol Lai, the association's chairwoman, said the Hong Kong media was facing a crucial test in the coming weeks. She was unable to be optimistic about the outcome.



The sun sets on Lily Wong's world

Hong Kong's civil servants tend to view life under Chinese sovereignty with a certain apprehension, and none more so than Lily Wong, writes Teresa Poole.

What does the future now hold? In the first instance, a decent holiday to recover from all those fireworks. Lily's the sort of girl who likes the idea of lounging around on the beach on Australia's Gold Coast, says her creator, Larry Feign.

As readers of *The Independent* know, Lily was rescued from premature retirement

when this newspaper decided she was the right person to guide us through the final 100 days of British rule in Hong Kong. The cartoon strip - *The World of Lily Wong* - has appeared daily.

Lily became *persona non grata* in the territory in May 1995, when the *South China Morning Post* abruptly cancelled Mr Feign's contract, prior to publication of a strip which dealt with the use of executed Chinese prisoners for organ transplants.

Mr Feign, 41, yesterday said



he had been delighted at the 100-day reprieve. "It has been a chance to finish the story. I feel a great sense of completion, not least because she had

become such a real person." Since ties were severed by the *South China Morning Post*, Mr Feign has found it impossible to get work in Hong Kong. "I've been blacklisted. I can't even find work doing illustrations for a company brochure," he said.

So Mr Feign, and his Hong Kong wife and baby, intend to leave - like Lily Wong - but to where, who knows?

While the Lily Wong series for *The Independent* ends this morning, she can still be reached through her web-page: www.asiaonline.net/lilywong

Be brave, Chancellor: let's have a radical Budget

So, is Labour going to have to offend people at last? Tomorrow's Budget will bring winners and losers. Conventional wisdom holds that the Chancellor cannot help but burst the Blair bubble, puncturing the unreality of a two-month-old administration that has pleased rich and poor, left and right, cynical and gullible alike. Do not be so sure. The Government has raised the art of massaging expectations to a higher, unfamiliar plane, and there is no reason why "Flash" Gordon should not make a presentation that will surprise and gratify most people. The weekend trailing of the abolition of mortgage tax relief was particularly impressive: for suspicious minds it suggests that Labour's sultans of spin are on a mission to misinform, and that the plan is for Mr Brown to announce the survival of the tax subsidy, to a chorus of grateful approval from Middle England. On the other hand, the case for abolition is overwhelming; perhaps he will simply speed up its staged withdrawal, damping house prices without immediately taking £6 a week from home-owners.

Speculation, of course, is futile. So let us try to stick to the big picture, and keep the hype at bay. This Budget matters terribly: there ought to be butterflies in Mr Brown's stomach as he rises to the Dispatch Box. He knows how important it is for the Blair-Brown project that he gets it right. After this Budget, the Government will have lost its

innocence. Possibilities that were open will have closed.

What matters as much as the specific measures are the signals that the Budget sends about Labour's values and priorities. Economic behaviour will be changed not just by direct financial incentives, but by a knowledge of the direction of public policy. In 1979, Geoffrey Howe not only encouraged trade and travel by abolishing exchange controls; he also conveyed a sense of the government's determination to adhere to its philosophy of economic liberalism.

Whether or not Mr Brown's Budget makes a similar bang, it is bound to make the Government's direction clearer. Some of Mr Brown's priorities are those of any chancellor. Investment. Jobs. Low inflation. Winning the next election. To a large extent, these reinforce each other, and their relative weight is a matter of pragmatic judgement. But there are other, more contentious priorities, each of which could end up being recorded by history as the distinctive feature of this Budget.

The original purpose of an early mini-Budget was always to levy tax on the windfall profits of privatised utilities, so the welfare-to-work scheme for which this is to pay has been elevated to the status of Labour's Big Idea. But it is an unsatisfactory one, as it is clear neither what precisely the idea is, nor how big it may be. The fuzziest edge around welfare-to-work is the interface with lone



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parents. While a dwindling number of the young unemployed are to be offered training and work schemes, along with some older, long-term unemployed, the Chancellor has shown relatively little interest in one million lone mothers. The trouble is, few of them can earn enough both to cut their dependence on benefits and to pay for child care. And spending all that money as a one-off to employ 250,000 young people may lead Labour down a cul-de-sac: surely it would be better to use the windfall levy for a single leap in educational standards for the least able 14-19-year-olds? The windfall/welfare idea looks a

little faded now that Labour is in power. It has also become confused by Mr Brown's attempt to frighten us with an official report confirming a "black hole" in the public finances, thereby raising the whole question of whether or not taxes should be raised. Let us hope this is part of the pre-match spin too; a City-led fever that will soon subside. Gwyn Davies, columnist for *The Independent* and an adviser to the Chancellor, has argued convincingly in these pages that government borrowing will come down faster than predicted.

Meanwhile, the Budget has also been loaded with the luggage of "fairness".

It is in the name of this euphemism for "equality" that Mr Brown will announce a cut in VAT on home gas and electricity from 8 per cent to 5 per cent. But as this will provide the most benefit to those who use most energy - that is, the better off - he will have to do something else to keep that baggage on board. It is important that he does so, because the privatised utility bosses have a limited shelf-life as scapegoats.

The cut in VAT also contradicts another priority (rather more recent), that of greening the planet. For someone who came to power explicitly not promising the Earth, Tony Blair last week sounded suspiciously as if he were planning to rescue it. But that Earth Summit speech, and the *aviso* voice rumblings about green taxes from the Chancellor, will be empty without real goods. Merely taxing fuel is not the answer; petrol is already heavily taxed. Instead we should find ways to encourage people to buy cars that use less of it, and make it convenient and cheap for them to use other kinds of transport.

Real radicalism means finding new forms of persuasion, new ways of approaching tax (by, for example, signalling an intention to unify the tax and benefits system). It means ditching anything hinting at makeshiftery, to concentrate on radical reform of the education system, properly funded. It means challenging the NHS to devise new ways of organising itself more effi-

ciently, and making judgements about which treatments it can afford, and when. It means breaking down the "us and them" mentality in private and public enterprise (yes, it is still there, even after all these years). And all this needs to happen while keeping firmly in place the managerial and economic liberties that have stimulated this recent period of sustained growth in Britain. That, Gordon, is what radical means now.

A man of failure? No fear

Yesterday we reported that men would achieve more if they didn't suffer from a fear of failing. Through anxiety about not achieving, they shy from making the attempt. Men tend to think they are perceived as childish when they express emotion, when in fact they are childish when they do not. Chris Patten does not belong to this group. He took on a job that had failure written into the contract, in the sense that he had to surrender his task at the end, knowing his work would be mostly untested. But his achievement is considerable. He held to his principles of honesty, openness, liberty and decision. And he had the grace to weep on parting, which (since they understand what they feel) is what grown-up people do.

LETTERS TO THE EDITOR

Death in cell: officials had been warned

Sir: It gives me no satisfaction to write, following the inquest into the tragic and unnecessary death in his cell at Brentford magistrates' court of Peter Austin on 29 January, to say that I had warned the Prison Service of concerns about the care of prisoners while in the custody of Securicor Custodial Services ("Securicor staff suspended for death in their care", 26 June).

In June 1994, I was among 40 people appointed to a panel of lay observers to courts in the London area under s.81(b) of the Criminal Justice Act 1991. It quickly became apparent that lay observers were to be no more than Home Office stooges, with no recognition of their statutory role. After seeking to influence change from within, but without success, I resigned in disgust in March 1996. I regretted doing so as the work of lay observers is potentially extremely important, but I left in the knowledge that some truly excellent fellow members remained on the panel - although many of the original 40 had also resigned by that time, some for similar reasons.

The statutory duty imposed on lay observers is to "inspect the conditions in which prisoners are transported or held in pursuance of the regulations and to make recommendations to the Secretary of State". Almost from the outset, as lay observers we were limited in what we were permitted to comment or report on: matters relating to Securicor staff or the physical conditions in which prisoners were held, we were told, were beyond our remit, thereby rendering us virtually impotent. The two annual reports produced by the panel, written by the chairman, failed to draw attention to important concerns expressed by panel members.

It appeared Home Office officials worked in fear of incurring the displeasure of the Home Secretary. His wrath knew no bounds, and they did not want to report or draw attention to matters that might rouse him. It was maintained that comments about Securicor staff were "contractual", and therefore "commercially confidential", and solely between the Home Office and Securicor.

Many of the custody areas in the courts were inadequate, frequently squalid and dirty and lacking in basic facilities. The fact that the Lord Chancellor's Department needed to find a considerable sum to bring them up to a reasonable standard was not something the panel's monitor, a Home Office official, wished to report.

Before and after my resignation I had meetings with and wrote to Prison Service officials about my concerns. So far as I know my expressions of concern have not been acted on.

The present Home Secretary would be well advised to call for the papers and review the operation of the monitoring and lay observer arrangements for the prisoner escort contracts. The London scheme was complacent, weak and flawed and this situation is probably reported elsewhere in the country. It is in need of thorough overhaul. It is our duty to ensure that the lessons are learnt from Mr Austin's death. NICHOLAS LONG London SW4

Sir: As those representing the family of Peter Austin, we write to express some of the concerns his death has highlighted.



During the seven-day inquest there were no fewer than seven legal teams representing Securicor (the company), Securicor (the employees), the Commissioner of Police for the Metropolis, the Police Federation (representing the individual police officers), the police doctor, the local authority and the Home Office. These were well resourced out of public or corporate funds. The family of Peter Austin, on the other hand, had to rely on voluntary help as legal aid is not available for inquests.

We discovered during the inquest that the Home Office had already had an internal inquiry and that none of the documents from this, or its conclusion, were to be made available to the family, the coroner or the jury. Other documents in the possession of the police were only disclosed during the inquest, there being no advance disclosure to the family.

Although the Home Office is obliged by statute to monitor and review the prisoner escort arrangements, we were shocked to see that the barrister representing the Home Office made no inquiry into the conduct of the seven Securicor officers who gave evidence. It was only through questions from the family's barrister that the gross inadequacies of training and care in this case were brought into the public domain.

It is imperative that the Government look into the issue of private security firms and their care of detained persons. The jury's verdict and the public interest demand this. DEBORAH COLES Co-director, Inquest SADIQ KHAN Christian Fisher solicitors London N4

Clinton ducks climate issue

Sir: I applaud John Gummer's criticism (article, 28 June) of President Clinton's Earth Summit speech while bemoaning Michael Mcacher's conciliatory noises about the "positive" tone of the speech. By not setting targets for reductions in greenhouse gases, Clinton is signalling that he is beholden to American "business as usual" consortia such as the Global Climate Coalition, which includes oil companies.

Although the insurance industry is now raising premiums because of the greater risk of extreme events related to climate change, businesses represented by the GCC and similar consortia are resisting the need to modify their operations. Short-term profit considerations overrule long-term concerns for the planet.

Clinton is also failing miserably in calling upon scientists to devise new technologies to cope with pollution and climate change: a classic case of treating the symptoms while ignoring the underlying disease. By all means, let us properly fund scientific research into the climate system, but at the same time we should reduce our ecological footprint on the only world we have. Dr DAVID CROMWELL Southampton Green Party

Sir: There has been disappointment expressed at the conference in Denver that

countries have not faced up to the problem of carbon-dioxide emissions. This is no doubt something that wealthy countries will have to do. In the meantime there is a simple and painless way to help reduce the consumption of fossil fuels. Reduce central heating.

How many of us wear summer clothes indoors in winter or heat the whole house even when some rooms are not in use? Offices are so warm that shirt-sleeves are worn in winter. Often when we go into a shop, dressed for outside winter, we are engulfed by another climate zone. If offices, shops and homes all reduced heating even by one degree we would help to slow down the greenhouse effect. JEAN ARMSTRONG Clun, Shropshire

Sir: I think Ami Harris could already "give back" surplus electricity from roof solar panels (letter, 23 June). Ensure the local and grid supplies are synchronised in frequency and phase, then provided your generation voltage is a bit higher than theirs, after connecting together the energy flow will be reversed, and the meter will run backwards.

However, I'm sure the suppliers would be very unhappy about any kind of amateur installation, given the obvious need to meet stringent safety requirements that would protect both your correspondent's system and the National Grid!

A much better, cheaper and simpler use of solar power is to supplement the domestic hot water supply, more especially if this uses

an electric immersion heater as the main source.

Dr TIM DENNIS Birch, Essex

Sir: "As I drove to work at the United Nations this morning..." writes Mr Rustling from the Palais des Nations in Geneva (letter, 28 June). Meanwhile in New York a special session of his organisation's General Assembly was discussing the need for us all to adopt more sustainable lifestyles. Is there no public transport in Geneva? ALEX GALLOWAY London SE6

Britain's digital TV victory

Sir: Polly Toynbee asks "Who really won the battle?" for the future of digital broadcasting (25 June). The answer is that Britain won.

Of course she is right to show concern at the possible increased powers of BSkyB, but that is best answered by protecting the BBC and is, in this argument, a side-show. The awarding of the franchise to British Digital Broadcasting will bring about investment by British companies and will create British jobs. Most estimates say that £300m will be invested creating up to 125,000 jobs.

Broadcasting is one of our major industrial sectors and is one area at least where we "lead the world". Indeed a major concern is that our universities and colleges will not be able to provide sufficient qualified

people and a potential skill shortage now needs to be addressed.

It is worth noting in all the hullabaloo that if this had been an American franchise, the British bid would have been disallowed. As it is, the Americans had a fair crack of the whip, and lost. PHIL WOOLAS MP Oldham East and Saddleworth (Lab) House of Commons London SW1

Dangerous game

Sir: I was bemused by George Howard's statement (Letters, 28 June) that "taking an Ecstasy tablet is like playing Russian roulette". Little could be farther from the truth.

The chance of dying in Russian roulette is easily estimated at around one in six. The equivalent figure for taking an Ecstasy tablet is harder to obtain, but using reasonable estimates for the number of tablets consumed each year in the UK (say, 25 million) and the number of deaths each year (about six) an estimate of one in 4 million cannot be too far from the truth. Most of us regularly engage in leisure activities far more risky than this. JONATHAN JONES Oxford

Play back

Sir: The answer to Stephen Harvey's irritation with music on the phone (letter, 30 June) is to wait to be connected and then to send back music, or noise, of his own choice. JOHN RATCLIFFE Morris Eleigh, Suffolk

Churches in a secular society

Sir: Paul Handley is right to take issue with Fr Harper over the benefits of church-swapping (Faith & Reason, 28 June), but for more important reasons than those he states. What denominational vacillation obscures is the overall decline of religion in modern industrialised societies, which is now reaching critical proportions and seems irreversible.

This process of secularisation has been accelerating for the last 200 years, but more noticeably over recent decades. Various defensive strategies like ecumenical huddling have proved ineffective and the glowing proliferation of sects and cults does not alter the overall picture of numerical decline. There now seems little doubt that the situation which we now have to face is of survival in a post-religious society.

It is difficult for religiously inclined people to acknowledge this reality and its acceptance can be deflected by a variety of events, for example by the influx of immigrant groups for whom religion has always been an important attribute of ethnicity. Interestingly, the mantle of religious zealotry which was once borne by Catholic migrants is now being taken up by Muslims: but the pattern is always the same - after three generations it has become so threadbare as to be cast aside by all but a minority of increasingly eccentric or apocalyptic groups, fighting futile rearguard actions, as in the London area.

Rather than expend vast amounts of energy on swimming against the tide it would be more beneficial to chart new spiritual seas, like the prophets of Israel, which will enable us to address the needs of a new kind of pluralist society. What is needed is a commitment to ethical rationalism which recognises common need and civic justice leading to a transcendent humanism. The alternative of swapping denominations, like changing cabins on the *Titanic*, won't address the underlying issues, however good it makes you feel. Fr DOMINIC KIRKHAM Manchester

Pirate CDs

Sir: I can well understand the record industry's concern that Philips' new mass-market CD recorder may promote CD piracy (report, 26 June). The price of an album has more than doubled in the last 10 years, well above the rate of inflation.

Even as the cost of CD production decreases, the margin between royalties to the musician and the overall price of a CD continues to widen. Somebody, somewhere between the musician and the consumer, is getting greedier and greedier. Perhaps the incentive to pirate CDs would be less if this greed could be controlled. TOM HEIGHTMAN Salisbury

Forgotten corner

Sir: "Nemesis of the golden boy who cut too many corners" (21 June). Can anyone enlighten me as to the origin of the phrase "to cut corners"? Does it relate to tennis, or "square-bashing"? My search in dictionaries and Brewer's *Phrase and Fable* throws no light. ANN HALES Cambridge

analysis

Thirty years ago, homosexuality could put you in jail. Rupert Cornwell looks at the taboos of the times and the courage of the campaigners who changed the law

The grainy pictures may be re-enactments, but their power to shame is no less for that. Seedy public lavatories, the swift eye contact and even swifter understanding, the hurried encounter in the cubicle, interrupted by policemen in pairs hunting their quarry, as terrifying as Nazi storm-troopers in a wartime ghetto. Was this really the Britain of little more than 30 years ago, when London swung, everyone was having a good time, and a bobby's proper task was to keep the Beades from being torn apart by their fans? Sadly, and today scarcely believably, for one British minority it was. Until the House of Commons finally passed the 1967 Sexual Offences Act, 30 years ago this week, legalising consensual sex in private for men over 21, homosexuality was a crime, and its practitioners were persecuted with the righteous ferocity of the mediaeval church rooting out heretics. By the mid-Fifties, 1,000 men annually were being jailed, in one Birmingham case 28 of them for 18 months apiece, all on the strength of the entries in one man's diary. Some country. Some ghetto. To end this it took two brave parliamentarians, Leo Abse in the Commons and Lord Arran in the upper House, and – to borrow the title of a fascinating Channel 4 documentary to be broadcast this Thursday – the passage of a Bill called William.

Arran was a certified eccentric who claimed just two interests in life, "to stop people bugging buggers". No gay himself, he was in truth considerably fonder of buggers than of buggers, and to spare himself discomfort referred to his charge as "William". Abse, the Bill's sponsor in the Commons, was famous for his flamboyant suits. More pertinently, he was a legislator of rare conscience, tenacity and skill. For both, the task was the same, to persuade their colleagues to think about the unthinkable, and speak about the unspeakable. The consequence was arguably the most surreal debate ever conducted by the mother of Parliaments.

"They managed to talk as if they'd never met anyone like that," Maudie Littlehampton famously observed in an Osbert Lancaster cartoon – a line surely provoked by the spectacle of Viscount Montgomery asserting that, of the millions of men under his command in the War, not one would ever have "got up



A Bill that dared not speak its name

to that sort of thing". In the Commons, right-wing Tory MPs assailed a "buggers' charter" designed to protect "pimps, pannies and queers". But for gay MPs in particular, William was an excruciating ordeal. There were a few exceptions, such as the brilliant and reckless Tom Driberg. Abse remembers the "great courage" of his colleague. "While all this was going on, he was a member of the NEC and at one point national chairman of the Labour Party. But he kept coming to me asking if he could help, and each time spoke in favour of the Bill." But most were, understandably, less heroic. "Several homosexual MPs ostentatiously voted against me. They were bachelors, they were vulnerable, they were afraid – and you could see it in their eyes."

In this era of Gay Liberation, such backsliding would guarantee instant outing. Back then, however, William's success was anything but guaranteed; in the event it survived a third-reading filibuster attempt by a single vote after an all-night sitting. Had it failed, homosexuality would have remained a crime. Heterosexual supporters of the measure were taking a risk, too – even Abse himself. In his Welsh mining constituency, where values were old-fashioned and religion ran deep, gay sex was anathema. "I think I was able to ride the storm because they were too ashamed to talk about it."

To keep his fragile craft afloat, Abse had to accept an amendment defining privacy as two adults and no more (thus averting a dreaded plague of "buggers' clubs"). Many of his arguments, he admits now, were "absolute crap". If couched in such terms as saving "faultry males" from themselves. But at the third attempt, almost a decade after the 1957 Wolfenden report first urged that homosexuality be decriminalised, a Bill was passed. Admittedly it was imperfect, and most gays would prefer to stay in the closet. But no longer did prison automatically beckon, or the unanswerable gouging of a blackmailer.

In his lurid autobiography *Ruling Passions*, which is studded with cameo accounts of his own hasty, illicit couplings, Driberg makes but one, melancholy, reference to the measure. "The passing of the sexual offences act, welcome though it was, really made no dif-

ference to the problems of the lonely and the promiscuous" (in other words, himself). For them, the best solution would be licensed male brothels, "run by respectable persons, with charges strictly controlled... such as I have occasionally patronised in New York and San Francisco". Or, he might have added, the underground urinal in central Moscow, whose merits Driberg once pointed out to the exiled Guy Burgess.

Indeed, one unarguable beneficiary of William has been the security of the realm. Given the climate of the time, small wonder so many British spies earlier this century were homosexual. John Vassall, of course, was a straight-forward blackmail victim – but for others, such as Guy Burgess, Anthony Blunt and Donald Maclean, dissimulation and subterfuge were seamless. If one is forced by society into a secret sexual existence, then how much easier to embrace an equally secret political loyalty? The second oldest profession still flourishes, but rarely these days for reasons of sexual orientation.

For the rest, however, the legal follow-through has been meagre. In 1994 the age of consent for homosexuals was lowered from 21 to 18. But despite an ever noisier, more confident gay culture, the practising homosexual remains suspect. There may be gay MPs, gay ministers and mainstream gay chic, but according to the latest British Social Attitudes survey, almost two-thirds of the population believe homosexual sex

to be wrong, a proportion basically unchanged for 15 years.

Then there is Britain's quite peculiar attitude to sex, a strange, tabloid-driven cocktail of pruderie and puritanism that leaves the rest of the world in uncomprehending mirth, as it lurches from puerile titillation to supercharged moral outrage at "sex monsters on the loose" – as often as not, homosexuals. Hence, according to Antony Grey, leader of the lobby for reform in the Fifties and Sixties and now elder statesman of Britain's gay community, a piecemeal, inconsistent approach by successive governments. "The public debate is more open, but there's an awful lot to be done. In many ways, the Sixties were a better time than today. The drug culture was in its infancy, the atmosphere was gentler and more idealistic."

But at least William still commands the support of the public, however unenthusiastic. A majority of the population would love to bring back capital punishment, and a substantial minority would outlaw abortion. But apart from pathological queer-bashers, no one seriously believes homosexuality between consenting adults should once again be deemed a crime. And the moment for another reformist push may be ripe.

Labour is back in power, its ranks filled with young and idealistic MPs, just as three decades ago. True, crusading independent backbenchers such as Leo Abse are a breed close to extinction, and the extent of Mr Blair's reformist zeal may be doubted – certainly, he will not

Changing times: from the hidden homosexuality of old to the openness of last weekend's New York Gay Pride parade AP/Todd Pitt

want to repeat Bill Clinton's 1993 fiasco over gays in the US military. Even so, a promised free vote should bring a majority in favour of lowering the homosexual age of consent to 16, aligning it with the law for heterosexuals. If parliamentary time is granted, repeal of "Section 28", the infamous 1988 provision barring local authorities from "promoting" homosexuality, looks another sure bet. "Anything we can get to a vote, we'll win," is the bubbling prediction of Angela Mason, director of the gay and lesbian pressure group Stonewall.

And should Westminster fail, there's always Strasbourg. Europhobes and homophobes alike will shudder, but three separate cases currently before the European Court of Justice may prove decisive in the gay lobby's campaign to reduce the age of consent, protect against discrimination in the workplace, and end the ban on homosexuals in the armed forces.

Ultimately, however, not only laws but attitudes must change. "What we really need," says Grey, who led the Homosexual Law Reform Society, which pressed the 1967 Bill, "is proper education about sexual minorities, that homosexuals are not a threat. Being gay is still treated as freakish and exotic, often as an object of ridicule. Young people who discover they are gay still have a terrible fear of isolation and rejection by family and friends if they come out. It can still cost you your job. That's why I was disappointed William Hague said that if he were homosexual he wouldn't have stood for the Tory leadership. It was a pity he felt obliged to say that."

"The fact is, most gays are still in the closet. We're the only minority without visible natural leaders, without our visible equivalent of a grand rabbi. In the homosexual community the leaders are the strident ones, people with nothing to lose." Such views have earned him the scorn of modern, in-your-face activists as a trimmer, even an Uncle Tom. But Grey is unrepentant. "They don't understand what it was like in the Sixties. You couldn't have shouted and waved banners back then. It would have been utterly counter-productive."

Today of course, banners and publicity are the weapons of choice to complete William's unfinished business. Thirty years ago, Stonewall's members might have been "cattaging", slinking around public urinals in the hope of a furtive encounter. Last week they were in front of the TV cameras at a smart London restaurant to unveil an action programme called "Equality 2000", demanding equal treatment in the workplace and for tax, pension and immigration purposes, as well as an end to discriminatory application of the existing gross indecency law.

The word that truly defines this vision is "normality". After a life of almost 70 years, 37 of them spent with his current partner, Grey still yearns for it. "There should be no need for anyone to deny his sexuality; being gay should be no big talking-point, and no one's business." For Leo Abse, the quest was always easier. On the July dawn when the Bill was finally passed, "I went home, and my wife took me in her arms. And at that moment I realised that all of politics is insignificant, compared to deep personal relationships between human beings." What better definition of normality could there be? But, three decades after William, gays still cannot claim it as their own.

A Bill Called William will be broadcast on Thursday on Channel 4, at 9pm.

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Who's who in the quest for Ernest Draggie

"Did I ever tell you the story of my father's collection of signed first editions?" said Lord Callaway, as we sat yawning in the club one night.

We all sat back, as if encouraging him to tell it. "It took him years and years to amass the collection, and yet there were only a dozen or so books in it."

"Not many for a collection," said Major Garforth.

"No, indeed," said Lord Callaway. "That is because it took him most of that 30 years just to get one book signed. You see, he started off with an Aldous Huxley book signed by the author, and another by Compton Mackenzie, and another by Ernest Draggie..."

"Who on earth was Ernest Draggie?" said Major Garforth.

"Exactly what my father said," said Lord Callaway. "He asked me and I didn't know, and he asked my mother and she said she didn't know, and he asked the gardener and he didn't know, and he asked the housekeeper..."

"Don't go round the whole

dratted staff," said old Hugh Ingot-Jones, or we'll be here all night."

"And the housekeeper said," went on Lord Callaway, ignoring interruptions, as was his wont, "that it would save everyone a lot of time if he looked it up in *Who's Who*. My father saw the sense of this, and got down his copy of *Who's Who* 1954, which was the year this happened, and as he was browsing through it, it suddenly occurred to him how nice it would be to have a signed copy of *Who's Who*."

"How could you have a signed copy of *Who's Who*?" I said. "There must be dozens of authors. You could never track them all down."

"Ah, that's just the point!" said Lord Callaway. "You know exactly who the authors are because every entry in *Who's Who* is written by the subject himself or herself. So what my father set out to do was get every entry in that edition of *Who's Who* signed by the person involved. Now, he couldn't get people just to send him their signature, because the book itself had to be signed. He had to take the book physically to all the



Miles Kingston

thousands of people mentioned. It was quite easy to begin with, because he knew a lot of them personally and was related to quite a lot of others, so pretty soon he had several hundred signatures.

"But he had a narrow escape from one of them, his uncle, Lord Pastrell, who was rather ill and could only just sign his name – indeed, Lord Pastrell died a year later in a hunting accident."

"Fell from his horse?" inquired Garforth.

"What? Oh, no – he was savaged by a fox one day when they were short of

foxhounds. Anyway, this alerted my father to the fact that he ought to collect the signatures of the old and infirm first in case they died off. So he worked down from the oldest, and by a stroke of luck found them all alive and kicking. Of course, a lot of the distinguished johnnies in *Who's Who* are foreign – professors of dentistry in Sri Lanka, politicians in Paraguay, that sort of thing – so he took a year off travelling round the world, staying with all his ambassador friends. Some of the politicians had been put behind bars by the time he got there, and my father and his book became quite a familiar sight in the top prisons of the world.

"Anyway, to cut a long story short, he counted up his signatures one day and found he had got every one in the book, except one entry. And guess who that missing entry was?"

"We all gave up."

"Ernest Draggie! Ernest Draggie, the very author who had started the whole thing in the first place. Draggie's publishers said that it was a pseudonym for an author who wanted to keep his

identity secret, as he had penned rather a racy series of novels, so they couldn't possibly reveal who it was. My father was not to be thwarted and put a private detective on the hunt. It took the sleuth four months to discover who it was. And guess who it was?"

We hazarded guesses. Dennis Wheatley? Barbara Cartland? James Hadley Chase? Winston Churchill? "No, none of those. It was my mother! All those years Lady Callaway had been writing near-the-knuckle novels and he had never known! She owned up, but she refused to sign his *Who's Who*. She said that Ernest was a very private person who would never agree to such a thing. Heartbroken at being so close to a complete signed copy of *Who's Who*, my father went into a decline from which he never recovered."

Lord Callaway slid into a peaceful slumber to signify that his tale was now over. A few days later I bumped into his younger brother, Sir Dudley Hardstaff, and asked him to verify the story, but he said that there was not a word of truth in it.

150 من الاجل

The end of Empire, the beginning of modern Britain

It is fatuous for journalists and even historians to attempt a final audit on the British Empire. A profit and loss account on two centuries' worth of so many million lives, and wars, technological advances and political subjection is beyond mortal scope. Ten thousand wise historians, with a million researchers, in the world's biggest library and with the world's fastest computer, would not be enough.

What we know is that the British Empire has been one of the dominant forces of the modern world, changing more lives than fascism, Soviet Communism or the revival of Islam. Inventors from Lancashire and Scotland, and the thinking of Adam Smith, Wesley, and the aristocratic revolutionaries of 1688, have had a bigger influence on today's world than Marx.

One cannot begin to speculate about what sort of places India, Africa, Australia, North America or many other stretches of the world would be had there been no Imperial Britain. As for the "mother country", with its global language, its many races, its awkward Euro-scepticism and its sprawling, now-declining imperial cities, Britain itself seems still half-stunned by the experience of so quickly gaining and then losing the empire.

This has, in short, been one heck of a happening – what Ian Jack has described recently as, "a grand, endlessly interesting thing to have happened to a small and unlikely country".

And what about us, the children and grandchildren of the unlikely ones? Where are we left now the whole thing has finished? Is it a scattering of boarded-up Mafeking Streets, and a useful base-camp for Microsoft, and that's it? Will the Scots and the English still rub along under one national flag?

The answers are no, and yes, respectively, though some think, and have always thought, that the end of Empire means the end of Great Britain – that the two were the same. The archetypal Imperialist politician, Joseph Chamberlain, spoke for millions when he said, early on in the century, that the identity of England (sic) had become identical to that of the Empire: "England without an empire! Can you conceive it? England in that case would not be the England we love... It would no longer be a power, if not supreme, at all events of the greatest influence, generally well-exercised, on the civilisation and the peace of the world. It would be a fifth-rate nation..."

We have been getting used to losing that role and slipping down the ratings for half a century. Though we have not broken up, loss and nostalgia have become central to state-occasion history. It was entirely natural, of course, that they dominated yesterday's emotion-sodden farewell to Hong Kong. But loss and nostalgia can be found in endless ways, large and small, in the Beaten Retreats, tattoos, commemorative services, honours lists. Queen's broadcasts and so on that surround national politics.

I was of the last generation to learn Imperial history of the old school – Clive, Nelson, Churchill – and grew up with a hazy false memory, learned from family photos, of Another Britain, a lost place of pith helmets, firm jawlines, crisp naval uniforms. And there it was again on that Hong Kong parade ground, the Britain whose most characteristic tune isn't "Rule Britannia" but a trembling Last Post.

Enough! We have, as a country, come close to drowning ourselves in all that. It was right that Tony Blair went to Hong Kong (looking grim and uneasy; he hasn't yet got



Andrew Marr

The symbols of our departure from Hong Kong include the backward looking Imperial insignia, kilts and Gurkhas

the trick of looking solemn but self-assured).

But seeing him as the bands marched past was depressing too. For 50 years political leaders have been trying to reshape a national purpose, and for 50 years they have been failing. Much of the rest of the country has got on with it, in culture and business, but politics has lagged far behind, so that Britain today seems a disjointed place, polarised between Post-Modernism and post-imperialism, with too little in between.

So enough Last Posts and folded Union Flags. Enough "Britannia" and enough weary self-deprecation from the Prince of Wales. We should not leave Hong Kong with too much regret. The critics of Chris Patten's Hong Kong policy are mostly fatuous. We had to give the colony up. However belatedly, it was also right to assert the kind of politics we believe works best everywhere.

That is not a hopeless cause. The symbols of our departure include the backward-looking Imperial insignia, kilts and Gurkhas. The incoming People's Liberation Army may seem, by contrast, the wave of the future, representatives of a growing superpower. But things are not as simple. It is the domestic values of the departing ex-colonial power – liberalism, free speech, the rule of law – which are in the global ascendant, and the authoritarian, pitiless post-Marxism of the ageing Peking elite which is in retreat.

Whatever happens in the next few months and years, Hong Kong will bury them, not the other way about. Peking, as the Chinese capital, is applauding the return of a part of China. But Peking, as a citadel of anti-democratic and illiberal politics, is applauding a future which will quite soon destroy it.

So we need less Imperial nostalgia and a little more optimism back home. Let us have more, please, of the inclusive, liberal group of islands that we have it in us to become, and which it is Blair's job to help shape through the millennium. More, please, of a modern, reformed democracy, with a Bill of Rights and an adult relationship to its European partners. More of the unapologetically ethical and moderately "green" voice of Robin Cook's Foreign Office. More, in short, of a plausible national future, which means liberalism, democracy and multi-cultural openness. We have to remember that the Empire was finally smashed not by the Hong Kong treaty, but in the global war against fascism half a century before. And though that was a great cause to die for (has any empire been destroyed as usefully?), we still haven't fully caught up with the victory we helped to achieve.

Because of the Empire, the UK is now an ethnically diverse union of countries with a global language – more like a small America, in some ways, than like France. Yet because of the Empire, we are also still a hierarchical, cod-medieval country with a terrible capacity for lacrymose nostalgia. Now we must choose.

Of course, with others, we should do our duty in helping to keep an eye on Hong Kong. But in a broader sense, we must stop looking back, either guiltily or sentimentally. A great break of this kind has happened before, at least to England. For decades, late-medieval London was in trauma at the loss of France – remember Calais, engraved on Mary Tudor's heart? But what followed was a great outpouring of national energy, a liberation, and the shift to early-modern Britain. Perhaps Hong Kong is the Calais of our times.

It is time to move on. Let this be the last Last Post.

A raw look at our cultural landscape



Julian Cooper (left) and Terry Gifford with 'Paris, Texas', in which TV culture meets the Lake District

Photograph: Will Walker/North News

Julian Cooper's powerful paintings subvert the traditions of his celebrated family and challenge the way we look at nature, says Stephen Goodwin

White-out conditions on Mont Blanc have put paid, for the present at least, to an English artist's hopes of pushing plein-air painting in oils to new limits. Instead of capturing the spirit of the notorious Brenva face on his 5ft square canvas, Julian Cooper was confined to a high mountain hut for five days with six morose German soldiers for company.

The 50-year-old Cumbrian ventured out once last week, but the soft snow was waist deep, far too dangerous conditions for attempting a climb to his planned belvedere at 3,500 metres. At the hut he worked on smaller oils, until the fumes from the turps almost choked him in his unventilated alpine quarters.

Cooper's technique, developed on mountain painting trips to Peru and the Scottish Highlands, is to climb with his studio in a ski-bag. For an easel, he anchors a frame made of tent poles to boulders or snow "boulders". A canvas is bulldog-clipped to the frame and he begins to paint with yard-long brushes, returning day after day to work on the picture, trying to translate the anima within the rock and ice through his muscular strokes.

The results can be as uncomfortable for the viewer as conditions can be for Cooper. Tension between man and the rest of nature is a recurrent theme. On Mt Blanc, he had hoped to paint the skiers who traverse the high glaciers in summer, almost oblivious of the grandeur of the natural playground. "In a way, we are all clinically mad. We are perched on this very fragile environment called Earth and yet we carry blithely on debasing it.

We are saving off the branch we are sitting on," he says.

Cooper recoils from the notion of himself as an environmental evangelist. However, the label could be applied, with protest, to his friend and collaborator Terry Gifford, a poet and senior lecturer in English at Bretton Hall College, Leeds University. Gifford believes that, though we are an urbanised society, we still crave contact with nature to "touch base and get a fix on the seasons".

Why else do 250,000 people travel by car to the Lake District on a summer weekend? Why do we cultivate window boxes? Why does the gritty Labour veteran Dennis Skinner watch when the blossom appears on a particular magnolia tree by the Serpentine in Hyde Park and when the leaves fall? Because we are part of it.

Perplexed browsers at the Old Court House Gallery in Cooper's home town of Ambleside are a 4ft 6in by 6ft oil on paper showing an auburn-haired woman on a balcony watching television. On the screen are the skyscrapers of Houston – a frame from the film *Paris, Texas* – while brooding in the dusk background is a craggy-topped fell and gathering storm clouds. The balcony woman is Cooper's own. So, in a sense, is the crag, Loughrigg, which looms in several of his works. The painting, entitled *Paris, Texas*, expresses his belief that the human race, or at least the Westernised part of it, is "poised between two worlds". Television even provides our experience of nature,

while outside the real thing lies ignored or used as a consumerist accessory.

The scion of painters, Julian Cooper has been a rebel, trying to shake off the stylistic baggage of his father and grandfather. The soft-hued watercolours produced by his father, William Heaton Cooper, have probably proved more potent in fixing an image of the Lake District in many minds than the sight of the green fell-sides themselves. But the primordial rock of Julian's canvases bears scant similarity to the tourist-friendly, highly saleable landscapes of an abstractionist at Goldsmith's College, London, before moving on to large-scale figure painting, the young Cooper also dropped "Heaton" from his professional name. He is, however, a director of the family paintings and prints studio in Grassmere.

Each Whitson, Cooper and Gifford head for the Scottish Highlands together, camp for a few days in a corrie, climb a route of not too strenuous grade, and practise their respective crafts. The poet has the easier task and often finds himself writing about his companion – "the artist's fingers feeling his way up the Earth's hard core" – exploring the form of the rock he will try to paint. Last month their route was Hanging Dyke, on the south side of Ben Macdui in the Cairngorms. Away from the popular trails, they were the only people in its vicinity. Without going solo, ropeless and tentless it is about as raw a contact with nature as Britain offers.

For Cooper, the excursions

can be a bit fraught. Not only has the weather ruined his efforts – a 6ft by 5ft canvas of Beinn Lair was physically washed away – but, unlike the poet, he is not a regular climber. "I experience real fear, particularly beforehand," he says. The rational part of him says it is "mad" to carry on in his fifties, but of course he will.

Ask the painter and poet if they come back with any message from these "shamanic" journeys to the mountains and diffidence sets in. First, they go for the sheer enjoyment of place and each other's company and craft. But there is, too, a getting close to the earth and a non-hubristic sense of man's place in the things that comes through in their work. "We certainly don't return with a didactic message," says Gifford. "All we can do is contribute another little shift of sensibilities in our culture. If we were to start declaiming, we would cease to be artists and become politicians."

Gifford's crusade as an academic is to rescue nature poetry from the sentimentality and

escapism of the "Georgian poets" of the early 20th century – those who, like WH Davies, urged us to find "time to stand and stare" at squirrels hiding their nuts. Man was simply an idle observer of nature, not a part of it. The parallel between WH Davies's pastoralism and the comfortable landscapes of WH Cooper at his most banal is hard to miss.

Travelling home across France yesterday, Julian Cooper was able to reflect ruefully on the powerful natural forces which late 20th century society knows mainly through a TV screen. Two weeks and 2,000 miles of driving wasted and artistic endeavour frustrated. He and Gifford will continue in their gentle way to open minds, but perhaps there is no substitute for raw experience.

Gifford tells a story about a group from a Liverpool comprehensive on a course in the Yorkshire Dales. On the first night, Gifford took the sixth-formers for a walk and got them to gaze at the stars. After two minutes of lying on their backs in snow staring upwards, one demanded: "But why haven't we got stars like this in Liverpool?"

Terry Gifford is co-author of *The Blue Bang Theory: New Nature Poetry* (Redbeck Press, £6.95).

The first-person singular woman

The study of newspaper readership published yesterday by Women in Journalism certainly produced a few whopping non-surprises. The idea that men are avid for news about sports and cars, while women go more for fashion and health, will hardly make anyone gulp. Nor (alas) will the suggestion that women offer a warmer and more "humanising" view of the world than the icy, neutral, inhuman gaze that characterises male journalism – that is no more than a well-worn gender-war stereotype.

But if the survey only confirmed that these cheerless marketing caricatures (girls like human-interest weepies; boys like engines and stock market data) still dominate many people's thinking, it also threw up one intriguing suggestion. Women's key contribution to the language of the contemporary newspaper, it found, lay in the use of the first person. Instead of the frosty post of objectivity – a patriarchal gimmick, at best – women were creating a space for the subjective voice. For that single, once-redundant letter: I.

In one sense, it seems insulting to cite the I-word as women's biggest gift to modern journalism: the truth is, they

are at last entering into all areas: news, finance, law, even war. And not before time. So the bigger question is whether women's fluency in the first-person is something that they should, on principle, be celebrating. It can easily sound, if you see such writing merely as a kind of egocentric waffling, like a slur. On most newspapers what I did at the week-end and lifestyle columns are quite soft and junior slots, at best light relief: one of the reasons women do so much of it is that those are the assignments they are handed; another is that they are a relatively cheap way to fill the expanding sections.

So women get to write larkily about the queue at Tesco while their tough male colleagues are flown on hazardous assignments overseas, where they hang around in the drizzle for hours waiting for a press officer to read a prepared statement – a man's job if ever there was one. One might have expected from Women in Journalism a strongish tendency to resent rather than celebrate the pigeon-holing tendency to deploy women chiefly in home, "hearth" areas of the newspaper. Possibly the saddest assumption the survey fails to question is that people wish to read only what relates to their

own lives. That is a marketing idea opposed to the old thought that readers – men and women alike – might be interested to read about something beyond themselves and news.

On the other hand, it certainly does seem to be the case that women are on better terms with the first-person pronoun than men. All of our newspapers give plenty of space to women to write ("please be as personal as you like") about their boyfriends, and their babies, their jobs, their diets, their illnesses, their pleasures and their sorrows. As with any genre, it produces works that are both brilliant and, um, less than brilliant. Some writers manage to make personal life – so long ignored by newspapers – seem properly intriguing and profound. Others inevitably fail. Both, though, are participating in an emphatic change in the whole enterprise of newspaper publishing: surrounded by quicker,



Robert Winder

because a generation of women has come of age that believes the personal to be political – politics isn't just what President Clinton told Tony Blair last night: it's what the dentist said in the waiting room last week, or what the twins got up to on the Underground. Women are perhaps quicker to see what happens to them as emblematic of a bigger social picture. And the whole unbelievable-but-true gram-

mar of many women's magazines has tutored a large number of writers in the ways of self-examination – however inventive.

It remains hard, though, to see the first person as a distinctly feminine voice. There is a larger trend towards the first person in both women and men, based on the popular perception that our own is the only voice we can really trust. Ours is the Freudian century – we are pretty sure that the meaning of life lies, if anywhere, within: we are what we feel, not what we know or can find out. And the first person is in any case a very natural form: it is the voice of everyday life, the one we use in conversation and in letters, in interviews and on the phone.

It is a commonplace among publishers these days that memoirs are just as saleable (if not more so) than fiction: they are direct, personal and seem candid compared to the tricky evasions of most novelists. It is easy enough to carp at this, as if it were driven by something like a cult of authenticity, and it is indeed true that in borrowing so many of the blurry devices of fiction, the memoir risks becoming just as impressionistic and unbelievable as any novel. But the first person



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obituaries / gazette

Sintaro Katsu

Sintaro Katsu was an outrageously individualistic actor who became a living legend playing a blind master swordsman, Zatoichi. "Katsu-shin", as he was affectionately known, was adored by millions, not only in Japan but all over South East Asia, where his dazzlingly original sword-fight sequences influenced kung fu epics of Hong Kong and Taiwan.

He was the second son of a master of *nohga*, "long song" accompanied by shamisen, often used as dance accompaniment in kabuki. He began by teaching *nohga* and aged 17 performed it in kabuki. When with his father and older brother he joined the Asama Kabuki troupe of America, the shamisen players were relegated to steering, while the actors all had first class cabins. That example of social discrimination ranked and made Sintaro determined to be an actor, too.

As soon as he returned to Japan, he joined the Daiichi Movie Company, beginning with a small part in the 1954 *Hana no Byakkotai* ("White Tiger Brigade"). He had to wait until 1960 to take his first starring role in *Shiranui Kengyo*, the story of Shiranui, a blind court musician, and a villainous character with redeeming qualities, a new type of tough hero. His future wife, Tamao Nakamura, daughter of the celebrated kabuki star Ganjuro Nakamura, appeared with him. In 1961 he cashed in on this burly, gruff image as Asakichi in *Tokuza Tanaka's Akumyo* ("The Rogue").

Against stiff opposition from Ganjuro, he married Tamao in 1962, and against all expectations the marriage endured, surviving many vicissitudes through the wily wisdom of Tamao, who continued her acting career. They were to appear together in a stage play in the year before Katsu's death.

Katsu-shin's most glorious period began in 1962 with the first Zatoichi movie, *Zatoichi Monogatari* ("The Story of Blind Zatoichi"), directed by Kenji Misumi. This larger-than-life character was based on just a few lines from an essay by Kan Shimozawa, a sketch of an itinerant blind masseur who was also a gambler and a brilliant swordsman—a lovable creature despite his evil propensities. Akira Kurosawa's *Yojimbo* (1961) and *Sanjuro* (1962) had utterly transformed the insipidly and mechanically performed cinematic sword fights, giving the *jidaigeki* (period) genre a new life with sequences of enthralling realism. Zatoichi movies followed that trend, and were highly successful, as was the theme song, sung by Katsu-shin.

In 1965, Katsu appeared in Yasuzo Masumura's *Heihei Yakuza* ("Gangster Soldier"), which extended his range considerably. Two years later, he founded his own Katsu Productions, and became a director with *Kayoku* ("The Big Boss") in 1971. In 1972, he directed his brother Tomisaburo Wakayama in *Kozure Otokami* ("Wolf Man and Baby"), the first in a brutally realistic sword-fight series later taken over by Kenji Misumi. (When the second episode, *Babyari Masasake*, was recently shown in the wonderful three-month-long Festival of Japanese Film in Paris, children under 12 were not admitted.)

Zatoichi became a television series made by Katsu's production company. But the Japanese movie industry was already on the decline, and Katsu began to encounter all kinds of problems, both financial and

personal. He was arrested in 1978 for possession of opium. The attitude of the Japanese public and authorities towards drug addicts is very severe, but Katsu won people's sympathy by his touching innocence. He had naively believed he was doing no wrong by just carrying opium. His ingenious nature had given him the public image of a sort of holy fool.

Next year, Kurosawa chose him for the leading role in his great historical epic *Kagemusha*. But the director was furious when Katsu-shin started shooting his own scenes, and sacked him, saying: "There is no need for two directors on this movie." The part was given to Tatsuya Nakadai.

In 1987 Katsu-shin was involved in another scandal when he was a guest at a big yakuza celebration. Then in 1988, after a long hiatus, he was directing what was to be the last Zatoichi film, and in the sword-fights real swords were used, because imitation weapons did not make an authentic sound. His son struck an opponent's jugular vein, and the actor died.

Then Katsu in 1990 was arrested at the airport in Hawaii for bringing marijuana and cocaine from Japan for purely personal use. Again his bewilderment was disarming. He had been very amateurishly transporting his stash in his underpants, easily detected by sniffer dogs, and when charged he made the typical reply: "I shall never wear underpants again!"



Outrageous: Katsu strikes out in *The Great Wall*

Photograph: Ronald Grant Archive

Rhonda Baker

Rhonda Baker had always been a rising star in the firmament of entertainment law, but the publication in 1995 of her book *Media Law: a user's guide for film and programme makers* made her more widely known to the international film and television production community as a friend and guide to those who, while well versed in the arts of shooting takes and setting up, were less acquainted with the complexities of the documentation required to achieve funding and production. Baker's book encouraged them to get some of the way by themselves.

Born in 1959 in north London, Rhonda Baker was fiercely loyal to her family and her roots. Her striking good looks, with a pale complexion and dark hair, made it difficult to ignore her Irish antecedents. Her flashes of born wit and keen readiness to participate (to the full) in any good time going, further tokens of these, were sometimes mixed with the more melancholy side to her Celtic background.

Her seemingly effortless rise in her profession started with a scholarship to the North London Collegiate School in Edgware, a school distinguished by its academic prowess and devotion to hard work: she achieved both. She had an insatiable interest in the Hollywood greats (Bette Davis was an especial role model) and in drama. But law, with its combination of hard intellect and practical application, appealed to Baker, and in 1977 she gained an exhibition to Trinity Hall, Cambridge, to read under the aegis of John Collier.

Her tutor's respect for her abilities was confirmed by the prizes she subsequently carried away in her Bar finals. But the Bar, despite the offer of a tenancy, and however much its social habits and intellectual camaraderie appealed to her, was not an opportune place for a single young woman struggling for financial independence. As she said: "I loved being at the

Bar, but I couldn't afford the drinks."

She applied for a position to a firm of solicitors, Deaton Hall, well-known internationally for its media practice, with the aim of combining her legal skills with her knowledge and love of the media. She thrived as a solicitor and was soon respected for her fearless views on any given subject, professional or otherwise; her inexperience about the self-importance that distinguishes some legal practitioners; and the continuing drive for perfection in her work.

In 1988 she moved with colleagues to S.J. Berwin & Co, to establish the firm's media and communications practice. In 1990 the practice recognised her talents by making her a partner at the precocious age of 30. In the following two years, Rhonda Baker gained friends and laurels for her work in the film and television world; no query was too slight, no legal analysis was too complex, no document too lengthy for her to deal with, and with clarity, speed and remarkably mature judgement. But behind the veneer of the professional young woman there remained a warm and sympathetic personality, that always sought to help a friend or colleague in any kind of difficulty.

In November 1992, however, a routine visit to her doctor aroused suspicions of breast cancer. After her recovery from

the necessary operation, she conceived the notion of writing a handbook combining some legal and practical wisdom for the struggling independent producer, a breed whose numbers had been greatly increased by the advent of Channel Four Television and the independent quota requirements of the new Broadcasting Act. In a world where media as business was becoming more important, her aim was to make the production community more efficient.

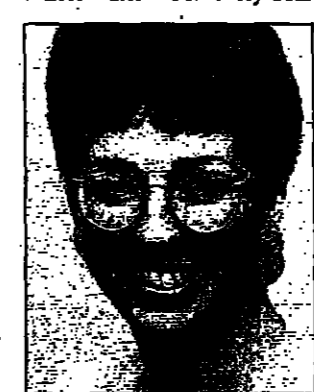
The publication launch party of *Media Law: a user's guide for film and programme makers* in 1995 was held on the eve of her return to hospital for more treatment. The book became a word-of-mouth success with producers, and legal practitioners. The first edition has since sold out, but a second edition is promised.

Rhonda Baker's illness did not diminish her enthusiasms for music, painting, dress-making, and above all, writing. She completed one novel and numerous short stories; another draft novel has been discovered. A management manual for S.J. Berwin & Co. completed in the final year of her illness, contains characteristically witty and forthright tips on best practice for solicitors, ranging from dress codes to telephone manners.

She was ably assisted in all her endeavours by her two black pugs, George and Stanley, much loved (it is rumoured) because they were the only two creatures on God's earth more strong-minded than their mistress.

Nigel Palmer

Rhonda Elizabeth Baker, solicitor and writer, born Bushey, Hertfordshire 11 July 1959; called to the Bar, Middle Temple 1982; barrister-at-law 1982-84; assistant and solicitor, Denton Hall 1984-88; partner and consultant, S.J. Berwin & Co. 1990-97; married 1987 Simon Laycock; died London 25 June 1997.



Baker: fearless views

Kenneth Neate

Fifty years ago, on 14 January 1947, the fledgling Covent Garden Opera Company (later to become the Royal Opera), gave its first performance. The opera was *Carmen* and Don José was sung by the Australian tenor Kenneth Neate.

During the first season, which lasted about six months, Neate sang Don José 21 times; he also sang 17 performances of Tamino in *The Magic Flute*—everything in those days was sung in English—and 12 of the Italian Singer in *Der Rosenkavalier*. Neate had a strong, lyric tenor voice and, for the four seasons he sang with the company, he remained with the repertoire.

He returned to Covent Garden on a famous occasion in 1959 when he took over at short notice from an ailing

tenor as Edgardo in *Lucia di Lammermoor*, with Joan Sutherland as Lucia. By then Neate was already singing much heavier roles, such as Florestan in *Fidelio*, Lohengrin and, the part that became his *cheval de bataille*, Tannhäuser. During the next dozen years, he clocked up more than 150 performances, mainly in Germany and Austria, but also in Australia. Later he sang Tristan a number of times.

Kenneth Neate was born in Cessnock, New South Wales, in 1914. He studied singing at the University of Melbourne and toured with an amateur company in *Madama Butterfly* and *Carmen*. On the advice of John Brownlee, the famous Australian baritone, he went to New York to study with Emilio de Gogorza and Elisabeth

Schumann. His voice came to the notice of the conductor Bruno Walter, and he was engaged to understudy Chester Kallman, who was singing Tamino at the Metropolitan in 1941. Neate then joined the Royal Canadian Air Force and, after he was invalided out, sang for the troops.

At the end of the Second World War, he came to London, where David Webster and Karl Rankl were auditioning singers for the Covent Garden Opera Company, and was immediately engaged. After Don José, Tamino and the Italian Singer during the first season, he sang the Duke in *Rigoletto*, Alfredo in *La Traviata*, Rodolfo in *La Bohème* and Pinkerton in *Madama Butterfly*. He rapidly gained stage experience, and by the time he left the company

had become an excellent actor as well as a fine singer. He toured Australia with the J.C. Williamson Company, he sang in Italy and Paris, and, in May 1956 at Bordeaux, sang the title role in the first performance of Henri Tomasi's *Symphonie Corse*, which was repeated at the Holland Festival in June the same year.

Neate began his attack on the heavier German repertoire with Florestan in *Fidelio* at Karlsruhe in 1958. After his much-acclaimed return to Covent Garden in 1959 for *Lucia di Lammermoor*, in which he was a splendid partner for Joan Sutherland—his height was particularly appreciated by the prima donna—he sang Gounod's Faust for the Dublin Grand Opera, and returned to Karlsruhe for Tannhäuser and Lo-

hengrin. In 1960 he toured Australia with the Elizabethan Theatre Trust, and the following year was engaged at the New York City Opera, where he sang Radames in *Aida*. Don José, Stravinsky's *Oedipus Rex*, and created Judge Danforth in Robert Ward's *The Crucible*, an opera based on Arthur Miller's play.

Neate made an excellent Loge in *Das Rheingold* at Bayreuth in 1963, and continued to sing Tannhäuser, in Hagen, Mulhouse, Bucharest, Adelaide, Sydney and Innsbruck, where he achieved his 150th performance during the 1969/70 season. Meanwhile he had taken up another Wagner role—Tristan. After singing Tristan at Coblenz in October 1966, at the end of December he sang the role in Stockholm, with

Birgit Nilsson at Isolde and Kerstin Meyer as Brangäne. The opera, with the same cast, was taken by the Royal Swedish Opera to Montreal for Expo 67, and the tenor later sang Tristan in Mannheim and Budapest.

After a final tour of Australia in 1970, when he appeared as Florestan, Neate returned to Innsbruck, where he sang Agasthus in *Elektra* in 1974, and the title role of Verdi's *Otello* in 1975. He was then 61 years of age, but his interpretation of *Otello* was highly praised, both vocally and dramatically. After his retirement he taught singing in Munich.

Elizabeth Forbes

Kenneth Neate, tenor, born Cessnock, New South Wales 28 June 1914; married Gertrude Vollath; died Munich 26 June 1997.



Neate as Tamino in *The Magic Flute*, 1947

Photograph: Baron

George Fenneman

"There never was a comedian who was any good unless he had a good straight man," wrote Groucho Marx in 1976. "And George was straight on all four sides."

A square was just one of the many things Groucho called his straight man during their long association: tall, handsome and elegant, George Fenneman bore the Marxian trademarks with gentlemanly dignity for 14 years on the high-rated comedy quiz *You Bet Your Life*. Starting on radio in 1947 and transferring to television in 1950, the show was

less a quiz than a vehicle for Groucho's wit, with Fenneman reading the commercials, introducing the contestants and working out the scores.

Until the series ended in 1961, Marx subjected his foil to a relentless stream of politically incorrect Chinese laundry jokes, all because he happened to have been born in Peking. "My father was in Import-Export," Fenneman told the biographer Hector Arce. "He and my mother'd been married for 10 years. I guess they didn't expect any children, and I'm an only child."

He was nine months old when his parents moved to San Francisco, where he grew up. In 1942 he graduated from San Francisco State College with a degree in speech and drama, and took a job as an announcer with a local radio station. After the Second World War, during which he worked as a broadcast correspondent for the US Office of Information, Fenneman moved to Los Angeles.

In 1949 Jack Webb, who had worked with Fenneman on wartime broadcasts, reached radio stardom in *Pat Novak*. For

Hire, a thriller series set in San Francisco, Fenneman announced the show, and was used again in that capacity when Webb created the classic radio series *Dragnet* (also 1949). Fenneman's other radio assignments of the early 1950s included announcing the western series *Gunslinger*, and playing Buzz, a comical cargo pilot, in *Fly Anything*, an adventure series starring the singer Dick Haymes.

Fenneman made his film debut in the cult movie *The Thing from Another World* (1951),

which concerned a group of air force men and scientists at the mercy of a bloodthirsty extraterrestrial. "I played Dr Redding, one of the scientists," he recalled. "And it took me 26 takes to deliver my big speech. End of movie career." (Actually, he did make other films, including *How to Succeed in Business Without Really Trying*, 1966, and *Once You Kiss a Stranger*, 1969.)

Fenneman hosted his own quiz show, *Anybody Can Play* (1958), and *Your Funny Films* (1963), one of the first series to feature amateur home movies. He also announced *The Denny and Marie Show*, *The Jim Nabors Show*, *The Life of Riley* and the television version of *Dragnet*. In 1993, for an edition of *The Simpsons* that spoofed *Dragnet*, Fenneman's nearly unchanged voice spoke the much-parodied words: "Only the names have been changed to protect the innocent."

But it is as Groucho Marx's straight man that he will be best remembered. "I can't impress on you too much what it meant to be working with a legend,"

Fenneman told Hector Arce. "I was 30 years old and working with this man who was 60 at the time, who'd been the biggest star of all the media." His association with Groucho didn't end with the closure of their quiz show; he visited him often. In the last year of Marx's life the 87-year-old comedian was so enfeebled that, before leaving, his bed had to walk him to his bed in a bear hug.

"Fenneman," said Groucho faintly, "you always were a lousy dancer." Dick Vosburgh



Fenneman: "a lousy dancer"

Photograph: Corbis-Bettmann/UPH

George Fenneman, actor, born Peking 10 November 1918; married (one son, two daughters); died Los Angeles 29 May 1997.

Births, Marriages & Deaths

BIRTHS

FITZGIBBON: Ti Camilla and Francis, on 24 June 1997, a son, Sam.

DEATHS

GUREY, Sylvia, on 27 June 1997, much-loved mother of Selma, Kadir and Sugar, grandmother of Ching and Taji, died peacefully at home. HADEN, Philip, on 19 June, at his 82nd year, dear husband of Jessica, loving father of Mark, Kent, Bruce, Paul, and the late Clare and Sandra; grandfather of Kirsten; Auntie, dear friend of Mary Pat, Donatien may be made to "COIN, Palladium Cafe", 737 Arlington Park Place, Kingsport, Ontario, Canada. KTM:MM.

Announcements for BIRTHS, MARRIAGES & DEATHS should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL, telephone 0171-293 2012 or fax 0171-293 2010, and are charged at £6.50 a line (VAT extra). OTHER Gazette announcements must be submitted in writing and are charged at £10 a line, VAT extra.

Birthdays

The Princess of Wales, 36; Mr Dan Aykroyd, actor, 45; Sir Alan Campbell, former diplomat, 76; Miss Leslie Canon, actress, 80; Mr Wayne David, MEP, 40; Miss Olivia de Havilland, actress, 81; Mr Trevor Evis, actor, 46; Lady Faulkner of Downpatrick, former Governor for Northern Ireland, 88; Lord Gishborough, Lieutenant of North Yorkshire, 70; Mr John Gould, composer and musical comedian, 56; Lt-Col Sir John Hugo, former Gentleman Usher to the Queen, 98; Westminster, former Lord-Lieutenant of Cheshire, 82; Mr Carl Lewis, athlete, 36; Sir Kenneth Lewis, former MP, 81; Miss Jean Marsh, actress, 65; General Sir Thomas Pearson, former Commander-in-Chief, Allied Forces, Northern Europe, 83; Mr Sydney Pollock, film director, 83; Mr Tom Robinson, musician, 47; Miss Joan Sadler, former Principal, Cleveland Ladies' College, 74; The Very Rev Alan Webster, former Dean of St Paul's, 79; Mr Malcolm Wade MP, 50.

Anniversaries

Births: Baron Gottfried Wilhelm von Leibniz, philosopher and mathe-

matician, 1646; George Sand (Amandine-Aurore Lucile, Baronne Dudevant), novelist, 1804; Charles Laughton, actor, 1899; Amy Johnson, aviator, 1903; Heather Horrie Beecher-Stowe, author of *Uncle Tom's Cabin*, 1816; Erik Alfred-Leslie Satie (Eric Satie), composer, 1892; Juan Domingo Perón, Argentine president, 1895. On this day: Sir Thomas More was put on trial, 1535; ad hocing the Linnean Society, Charles Darwin announced his theory of evolution, 1858; Queen Victoria unveiled the Albert Memorial in London, 1872; Jersey was occupied by German forces, 1940; the Prince of Wales's Investiture was held at Caernarfon Castle, 1969. Today is the Feast Day of Saints Aaron and Julius, St Carilephus or Calixtus, St Eparchius or Cybard, St Gall of Clermont, St Oliver Plunkett, St Servanus or Serf, St Shenute, St Simon and Sts and St Thierry or Theodor of Mont d'Or.

Lectures

National Gallery: Richard Stemp, "Precious Objects (II): Moretto da Brescia", 1pm. Victoria and Albert Museum: Sally Dormer, "Unwilling the New Testament: typology in medieval art", 2.30pm.

Changing of the Guard The Household Cavalry Mounted Regiment present the Changing of the Guard, Whitehall, London, 10.30am. The Household Cavalry Mounted Regiment present the Changing of the Guard, Whitehall, London, 10.30am. The Household Cavalry Mounted Regiment present the Changing of the Guard, Whitehall, London, 10.30am.

Athletics drug ban rules not subject to Community law

Edwards v British Athletic Federation and others; Chancery Division (Mr Justice Lightman) 23 June 1997

Rules of the International Amateur Athletics Federation which were designed to ban cheating by taking drugs were rules which merely regulated the sporting conduct of athletes, and were not therefore subject to European Community law, which was applicable to sport only insofar as it constituted an economic activity.

Mr Justice Lightman dismissed the plaintiff's challenge to the refusal by the International Amateur Athletics Federation ("the IAAF") to reinstate him before the completion of a four-year ban from athletic competitions imposed for the use of anabolic steroids. The ban had been imposed on the plaintiff, an amateur athlete and a member of the first defendant, the British Athletic Federation ("the BAF"), on 22 October 1994.

The plaintiff challenged the lawfulness of the IAAF's refusal. Remission of a ban had been granted to a number of

athletes in a similar position, but whose national athletic associations limited the lawful period of any such ban to two years by their local laws.

The plaintiff contended (a) that the IAAF could not lawfully distinguish its application from those other applications on the ground that the four-year ban was lawful under his local law; and (b) that the refusal of his application constituted discrimination against him which was unlawful under the Treaty of Rome. The IAAF challenged that contention. The BAF adopted a neutral stance. *Simon Catebread (James) for the plaintiff; Adam Lewis (Farmer & Co) for the BAF; Robert Howe (Herbert Smith) for the IAAF.*

Mr Justice Lightman said that as members of the IAAF the various national governing bodies (including the BAF) were required *inter alia* to adopt provisions in their constitutions mirroring the IAAF's rules in particular so far as they

LAW REPORT

1 July 1997

were designed to control drug abuse. The BAF had adopted those provisions.

Rule 60(2)(a) provided that an athlete who committed a doping offence involving, in particular, the taking of an anabolic steroid would be ineligible on a first offence for a minimum of four years to take part in competitions held under the IAAF's rules or the domestic rules of its members. Rule 60(8) provided, however, that in exceptional circumstances an athlete might apply to the Council of the IAAF for reinstatement before the expiration of that period.

The first issue to be decided was whether Articles 59 to 66 of the Treaty of Rome had any application to the operation of rule 60. Article 6 of the Treaty stated that discrimination on grounds of nationality was prohibited; and Articles 59 to 66 prohibited such discrimination in the freedom to provide services for remuneration within the EU.

The plaintiff contended that the four-year ban imposed on him was an interference with his freedom to earn his living as an athlete within the EU. Community law was applicable to sport only insofar as it constituted an economic activity. The critical question raised in the present case was whether the drug control provisions of the rules and particularly the provisions for sanction in case of a drug offence, constituted an exclusively sporting rule.

Rules 55 to 61 appeared merely to regulate the sporting conduct of participants in athletics. They were designed to ban cheating by taking drugs and thus secure a level playing field for all participants in the sport. The imposition of penalties for cheating was essential if the rules against it were to be effective.

The imposition of the sanction might of necessity have serious economic consequences for those who breached the

rules, but that was merely incidental. A rule designed to regulate the sporting conduct of participants did not cease to be such a rule because it did not allow those who broke it to earn remuneration by participating in the sport for what was, by common consent, an appropriate period.

In view of that decision it was not necessary to decide whether the operation by the IAAF of rule 60(8) to reinstate athletes whose local rules limited the period of a ban to two years of itself constituted unjustifiable discrimination on grounds of nationality in the sense prohibited under Articles 6 and 59 to 66 of the Treaty. The matter would, however, be dealt with briefly.

The policy which sought only to accommodate rule 60 to differences in national law was not discriminatory; it merely ensured that the IAAF and the application of rule 60 kept within the various national laws.

The action was accordingly dismissed.

Kate O'Hanlon, Barrister

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business & city

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BUSINESS & CITY EDITOR: JEREMY WARNER

£1.1bn jump in consumer borrowing fuels boom fears

Diane Coyle
Economics Editor

The need to put the brakes on consumer spending was highlighted by figures yesterday showing a £1.1bn jump in consumer borrowing in May, close to the all-time record set in February. Its annual growth rate has picked up to 17 per cent.

Separate figures showed a 1 per cent increase in M0, the narrow measure of the money supply,

in June, taking its annual growth up to 6.3 per cent.

The rise in consumer borrowing comes as several leading economists claim that the Chancellor of the Exchequer can halt the consumer boom by abolishing mortgage interest tax relief (MIRAS) in tomorrow's Budget.

The economists from the National Institute of Economic and Social Research and from consultancy London Economics said the abolition of MIRAS would

reduce consumer spending sharply. However, they warned the revenue gain would be much lower than the direct cost of the relief, of just under £3bn a year, because of reduced spending.

The expectation is that whatever Gordon Brown decides, interest rates will need to be increased. This expectation helped the pound stay at a five-year high yesterday, with the trade weighted index rising from 101.8 to 102.1 and the

pound finishing the day at just over DM2.90.

The main component of M0, cash in circulation, expanded by 0.8 per cent during June. This was the biggest monthly rise for a year, when football fans visiting for the Euro 96 competition boosted the demand for cash.

Although high street spending does not follow the path of cash exactly from month to month, the surge pointed to a further increase in retail sales.

There was wide agreement among economists that these latest figures were alarming. "This adds to fears that consumer demand growth is accelerating as a result of the building societies' and insurance companies' windfall payouts," said Simon Briscoe at Nikko Europe.

Yesterday's figures follow a rash of news indicating that the economy is well on its way to a boom. Most striking were last week's big upward revisions to

earlier figures for gross domestic product suggesting that there is less spare capacity in the economy than previously estimated.

Sean Shepley, an economist at investment bank Credit Suisse First Boston, said: "These figures are in line with all the other indications about growth. The pound might make it harder for the Bank to raise rates aggressively during the next six months, but they will have to climb."

Marian Bell at the Royal

Bank of Scotland said: "It would be sensible to hold off in July to see whether the latest month's figures are a one-off or the start of a more lasting trend." But she predicted that base rates would be above 7 per cent by next spring.

Separately, an increase in stamp duty, now widely expected as part of the Budget package tomorrow, could trigger a big fall in house prices, according to research conducted for a hastily

assembled housing and construction industry lobby group.

The group, Stamp Duty Coalition, predicts that house prices could fall by up to 5 per cent if every percentage point increase in stamp duty. Although the estimate does not take account of any potential increase in the threshold for the duty, the threat of raising stamp duty would affect the housing market substantially without raising much extra revenue for the Treasury.

Littlewoods abandons high street store sell-off

Nigel Cope
City Correspondent

Littlewoods yesterday abandoned plans to sell its high street stores business after failing to find a buyer at an acceptable price. Talks with Kingfisher, the Comet & B&Q retailer, broke down last week after Kingfisher objected to the £500m asking price. Kingfisher had wanted to convert most of the 135 stores into branches of Woolworths.

The collapse of the sale plans has forced a strategic rethink by James Ross, the acting chief executive. Though he attempted to put a positive gloss on events yesterday, retail analysts said the failure to sell the high street

developed and I firmly believe this will transform the business."

Under that strategy Littlewoods will raise cash by selling up to 35 of its high street sites to leave the chain with 100 stores. Potential buyers could include Kingfisher, Boots and Tesco which had already agreed with Kingfisher to buy around 20 of the Littlewoods stores to convert into its Metro format.

The remaining 100 Littlewoods outlets will trade under a new format concentrating more on ladieswear targeted at women over 45.

The Berkertex brand will be developed and a trial of 10-12 stores trading under that name will start early next year. A Berkertex catalogue will be developed alongside the high street chain. The division will be "streamlined" in a move expected to include job losses. The chain stores division employs 6,500 full-time equivalents.

Mr Ross said that a de-merger of the retail businesses was possible. This would give the Moores family shareholders which control the group, one share in the home shopping business and another in the high street operation. Mr Ross said a flotation was still not on the agenda though this might be possible in three to five years.

The company also bolstered its management team yesterday when it named Barry Gibson as its new chief executive. Mr Gibson, 45, was previously retail director of BAA, the airports authority which runs UK airports such as Heathrow, Gatwick and Glasgow. Mr Gibson worked at Littlewoods for 10 years in the 1970s. Mr Ross will move from acting chief executive to non-executive chairman.

Littlewoods first announced in March that it was considering the possibility of selling its high street stores. But its initial price tag of £600m proved unrealistic. Kingfisher proved the most interested but it is thought that it was deterred by the length of time it would have had to run the division as a going concern.

Scottish & Newcastle to spend £150m on re-branding pubs across the country



Scottish & Newcastle, the UK's largest brewer, yesterday announced plans for a rapid expansion of its themed pub estate, writes Andrew Yates. Its Chief & Brewer family pubs and the John Barras community pub chain will be rolled out across the country over the next few years. It is spending £150m to re-brand 200 of its pubs in the next 12 months. Brian Stewart,

chief executive (pictured left, with Sir Alistair Grant, chairman, yesterday) said: "Our main focus of growth will be our managed estates. By next April we will have at least 600 pubs trading under our retail brands." He believes Scottish & Newcastle will benefit from the Government's decision last week to block the brewing giant Bass's takeover of Carlsberg-Tetley. "On its own

Carlsberg-Tetley will continue to lose market share. Those brewers with strong brands, such as ourselves, will continue to capture that market share," he said. Mr Stewart's comments came as Scottish & Newcastle announced a 21 per cent rise in underlying pre-tax profits to £374m.

Investment column, page 24
Photograph: Andrew Burman

Energy Group bosses could leave with £1m

Chris Godsmark
Business Correspondent

Two senior executives of Energy Group will walk away with cash bonuses and compensation packages worth more than £1m each if they decide not to stay with the company after the proposed £3.7bn takeover by PacificCorp of the US.

The formal offer document to Energy Group shareholders yesterday showed Derek Bonham, executive chairman since the group's demerger from Hanson earlier this year, would emerge with £1,491,419. John Devaney, chief executive of Eastern, the regional power company, would leave the group £1,159,995 better off.

The document revealed that the normal one-year notice pe-

riod for executives leaving the group would be extended to two years in the event of a takeover, giving Mr Bonham twice his £450,000 salary as a pay-off.

He will also be entitled to receive a long-term share bonus in cash, worth £443,566, whether or not he stays with the combined group. In addition Mr Bonham will make another £147,853 from Energy Group's controversial Special Addition Bonus Scheme, created at the flotation because of the three-year delay in payouts under the long-term plan. Mr Bonham also owns shares in Energy Group worth £627,000 at PacificCorp's 69p bid price.

Mr Devaney, 50, will see his £350,000 double to £700,000 if he leaves the company, but will make £459,995 from the two

bonus schemes whatever happens. He owns shares worth £34,500 in Energy Group at the offer price. As chief executive of Eastern he received a package worth £1.3m before tax after the 1995 takeover by Hanson.

The offer document said both executives had been invited onto PacificCorp's board if the deal went through, although deviated from that had not been discussed and both Mr Bonham and Mr Devaney have not yet decided to do so. Mr Devaney has indicated he may leave the company and seek another job outside the utility sector.

Another director to share in the windfalls is Eric Anstee, Energy Group's finance director, who could walk away with a pay-off worth £500,000.

Railtrack board gets pay increases of 14%

Andrew Yates

Railtrack's board earned a total of £1.4bn in its first year as a public company, a rise of more than 38 per cent on 1996, according to its annual report published today. Part of the rise can be attributed to the appointment of an extra director, Michael Howell, who left the group abruptly in March.

After excluding Mr Howell's remuneration, Railtrack's directors awarded themselves £1.2bn, including performance bonuses of £332,000. That amounts to a pay rise of almost 14 per cent, an increase well ahead of the rate of inflation. The pay increases are bound to fuel the controversy that has surrounded the group since it was privatised 15 months ago.

The annual report also reveals that Mr Howell, former

commercial director, has received a pay-off of more than £292,000. He resigned from Railtrack in March after just one year with the company. Mr Howell had been charged with developing Railtrack's relationships with the train operating companies and freight groups. But it is understood his management style did not suit Railtrack. Mr Howell was on a two-year rolling contract. He earned £203,000 in the year to March.

Railtrack's highest-paid director was John Edmonds, chief executive, who received a basic salary of £168,000 as part of a total pay package of £249,000. Mr Edmonds is due to step down as chief executive within the next few months, making way, it is understood, for Grand Metropolitan's former finance director, Gerald Corbett.

Meanwhile, United News Media, which is vying for Granada and Carlton Communications for control of ITV's last week's £372m bid for H Group, has scheduled talks with S4C Digital Networks (SDN) about taking Yorkshire's stake in the company bidding for remaining digital terrestrial television multiplexes.

Malcolm Wall, deputy director of United Broadcasting Entertainment, said yesterday: "We are having detailed talks with SDN on Thursday."

United may not buy Yorkshire's stake in SDN outright but could commit to funding over a period of time. Yorkshire was forced to abandon its agreement with SDN after Granada's takeover. b Granada already has access digital terrestrial broadcast through its joint ownership British Digital Broadcasting the group which won three digital terrestrial licences last week. Carlton also has a 50 per cent stake in the company.

It is thought Scottish Media Group would be interested in getting involved with SDN, also emerged yesterday. If Scottish Media's £105m purchase of Grampian Television was unlikely to face a public interest test by the Independent Television Commission.

Scottish Media already owns Scottish Television and the Glasgow Herald and Evening Times.

Penguin claims former US manager embezzled \$1.4m

David Usborne
New York

Four months after the discovery of an unauthorised discount scheme that forced Penguin USA, a subsidiary of Pearson, to write off \$165m (£100m), the publisher is claiming a former executive was involved in an elaborate embezzlement scam.

In a lawsuit filed in a New Jersey court, Penguin has alleged that its former accounts manager, Christina Galantro, skimmed \$1.4m to fund an

lifestyle of luxury winter cruises and DIY shopping sprees.

"We have compiled a compelling body of evidence that there was a deliberate conspiracy," said Michael Lynton, the chief executive of Penguin. "Our investigation to date indicates that Mrs Galantro acted without the knowledge, direction or authorisation of her superiors."

As it is pointed in the suit, the conspiracy was allegedly the seed that led to the much larger scheme whereby Mrs Galantro gave secret discounts to

favoured booksellers. It was those discounts, which were not entered into the books, that created the \$165m black hole on the company accounts. By accessing records of her corporate American Express card, Penguin said it had traced some 900 transactions that it believed were funded by Mrs Galantro's ill-gotten wealth.

The company claims that Mrs Galantro treated herself to items ranging from a \$100 honey-baked ham to a \$12,000 cruise voyage. She allegedly

spent thousands on Louis Vuitton leather goods, on diamonds and on shopping expeditions to Home Depot and Builders Square, two DIY superstores. Also named in the lawsuit are Mrs Galantro's husband, Stanley, and Jerome Bedell, the head of a collection agency that served Penguin USA. While on one winter cruise, Mrs Galantro allegedly went so far as to fax instructions to her co-conspirators to ensure the smooth-running of their scam.

Mrs Galantro's lawyer, Cris Franzblau, suggested that Penguin is "looking for a scapegoat" to duck its responsibilities for the discounts debacle.

In 1995, Penguin was among publishers in the US that signed an agreement not to offer secret discounts to retailers. The deal was to protect small retailers from discount schemes aimed at the larger bookstore chains.

Penguin asserts that Mrs Galantro traded the discounts for early payments from book retailers and that those payments were used to disguise her

embezzlements. According to the suit, most of the embezzled money came from cheques from retailers that should have been paid to Penguin but which were instead diverted to Mr Bedell at the collection agency.

The unauthorised discounts, the lawsuit asserts, "were used in part to hide Galantro's thefts."

Mr Bedell, an employee at the Associated Companies collection agency, agreed at the weekend to assist in Penguin's suit and has said he will repay at least \$1m.

An investigation into what

happened is being pursued by the American Booksellers' Association. Regardless of what moves Mrs Galantro may have had, there is still puzzle over how she managed to offer the discounts without either Penguin or the publisher's main auditors, Arthur Anderson, apparently being aware of them.

STOCK MARKETS									
FTSE 100									
Index	Close	Week's chg	Change (%)	2000/97 High	1996/97 Low	YTD (%)	1996/97 High	1996/97 Low	YTD (%)
FTSE 100	4840.30	+46.4	+1.0	4783.10	4056.60	3.51	4783.10	4056.60	3.51
FTSE 250	4446.00	-39.0	-0.9	4729.40	4446.00	3.73	4729.40	4446.00	3.73
FTSE 350	2243.40	+14.3	+0.6	2312.80	2017.90	3.56	2312.80	2017.90	3.56
FTSE SmallCap	2233.09	-28.0	-1.2	2374.20	2178.29	3.20	2374.20	2178.29	3.20
FTSE All-Share	2199.07	+11.1	+0.5	2266.11	1981.78	3.53	2266.11	1981.78	3.53
New York	7887.22	-108.79	-1.39	7796.51	5032.94	1.65	7796.51	5032.94	1.65
Dax	20623.75	+138.2	+0.7	20681.07	17303.85	0.781	20681.07	17303.85	0.781
Nikkei	15196.79	+42.4	+0.3	15196.79	13065.17	2.841	15196.79	13065.17	2.841
Frankfurt	3795.41	+7.1	+0.2	3805.29	2848.77	1.431	3805.29	2848.77	1.431
Statistics as of 30 June									

INTEREST RATES									
UK interest rates									
Bank of England base rate	5.75%								
3 month	5.75%								
6 month	5.75%								
1 year	5.75%								
2 year	5.75%								
5 year	5.75%								
10 year	5.75%								
30 year	5.75%								
US interest rates									
Federal Reserve base rate	5.25%								
3 month	5.25%								
6 month	5.25%								
1 year	5.25%								
2 year	5.25%								
5 year	5.25%								
10 year	5.25%								
30 year	5.25%								

CURRENCIES									
£/\$									
Index	Close	Week's chg	Tr. Yr	1996/97 High	1996/97 Low	YTD (%)	1996/97 High	1996/97 Low	YTD (%)
\$ (London)	1.6821	+0.016	1.5418	1.6821	1.5418	0.6487	1.6821	1.5418	0.6487
\$ (NY)	1.6845	+0.016	1.5432	1.6845	1.5432	0.6487	1.6845	1.5432	0.6487
DM (London)	2.8859	+0.111	2.8600	2.8859	2.8600	0.8744	2.8859	2.8600	0.8744
¥ (London)	190.395	+10.737	188.963	190.395	188.963	0.6487	190.395	188.963	0.6487
€ (London)	101.6	+0.6	95.7	101.6	95.7	0.6487	101.6	95.7	0.6487
OTHER INDICATORS									
Oil Brent \$	17.81	+0.48	18.22	17.81	15.9	+0.33	18.22	15.9	+0.33
Gold \$	336.55	-1.9	383.50	336.55	285	-10.7	383.50	285	-10.7
Gold £	202.48	-2.15	248.62	202.48	174	-10.7	248.62	174	-10.7
Basis Rates									
3 month	6.50%								
6 month	6.50%								
1 year	6.50%								
2 year	6.50%								
5 year	6.50%								
10 year	6.50%								
30 year	6.50%								

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business

S&N stays a step ahead of rivals

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

Scottish & Newcastle has good cause to be delighted by the Government's decision to block the takeover of Carlsberg-Jetley by Bass, its closest brewing rival. If it had been waved through, Bass would have leapfrogged S&N to become the largest brewer in the UK with a market share approaching 40 per cent. More importantly it would have had a brewing stranglehold in certain parts of the country, notably in the Midlands, where it would have controlled almost three-quarters of beer supply.

Without the takeover, the ailing Carlsberg-Jetley is left to limp along on its own. It will probably have to close some of its breweries and certainly have to spend plenty of money to revitalise its brands. The Monopolies & Mergers Commission inquiry has in effect put the company in limbo for the past year and it will take time to put its house in order. Meanwhile, S&N should be able to capitalise on Carlsberg-Jetley's disarray and pick up extra business.

Fortunately, S&N forced through its own blockbuster merger before the arrival of the new Government and what looks like a crackdown on brewing consolidation. Its purchase of Courage in August 1995 has proved a good deal. Brewing profits rose from £121m to £177m last year. Wisely, S&N has chosen to concentrate on profits rather than chase market share. This has been achieved by marketing hard its higher-margin premium brands such as Kronenbourg and Beck's, cutting expenses by £70m a year with the closure of two breweries and the axing of 1,800 staff and pushing through price increases.

S&N's managed pub business is also going great guns, with profits up 12 per cent to £149m in the year as it rapidly rolls out themed pubs such as Chef & Brewer, Rat & Parrot and John Barras. Drink and especially food sales from these new outlets are booming and it plans to spend another £150m this year, up from £116m last time, converting another 200 of its pubs to themed outlets. With all the big pub chains pouring money into their managed estates, there have been worries that returns will start to fall off. But the market still looks far from saturated.

The only real black spot is Center Parcs, its indoor holiday park chain, where profits fell 12 per cent to £72m. S&N was guilty of taking its eye off the ball in continental Europe, where poor economic conditions have dampened demand and attendances have fallen sharply. The jury is still out on whether it can rectify the situation by introducing new facilities, but at least the UK business is showing a marked improvement.

Pre-tax profits, before restructuring

costs associated with Courage, rose 21 per cent to £374m for the year to April. Merrill Lynch forecasts current year profits of £423m, putting the shares, down 4.5p at 646.5p, on a prospective p/e ratio of 13. Good value.

Taxing questions before Wednesday

Identifying the UK company shares likely to be hit hardest by Gordon Brown's Budget on Wednesday has been taxing investors' minds for weeks now. The obvious targets of the windfall tax aside, one likely Budget proposal which could have a devastating effect is the widely expected cut, or abolition, of the tax credit on dividends.

Certain high-yielding stocks look vulnerable if Mr Brown cuts the tax credit attached to advance corporation tax, which is currently 20 per cent and could be chopped to 10 per cent. The behaviour of fund managers, many of whom have spent the past few years deserting high-yielding shares, is a guide. With tax credits worth less,

institutional pension funds, which can reclaim the tax credits on dividends, have less incentive to invest in high-yielding stocks simply for their dividend income.

This is less of an issue for companies with high-yielding shares which can afford to make up the difference by hiking their dividend payout. But weaker companies with weak internal cash generation – low dividend cover and high gearing are pretty good signals – are most vulnerable to being dumped by fund managers.

Good examples are food manufacturers – particularly Dalgety, Albert Fisher and Booker – which have sky-high yields, but are struggling to find growth in their main businesses. Also on the high-yielding, but weak profits growth, hit list are Thom, Harrisons & Crofield, Coats Vignella, P&O, De La Rue, English China Clays and Kwik Save.

Longer term, any cut or abolition in dividend tax credits would depress the value of company pension funds, which are rated by actuaries on the basis of their potential dividend streams. Companies which thought they had a handy pension surplus may have to start paying pension contributions – a real

cash outflow which would hit profits – and some might have to increase their contributions. Those most affected will be groups with big, rich pensions funds in relation to their profits or liabilities. Examples include ICI, British Steel, Imperial Tobacco and privatised groups such as BG, the old British Gas, and BT, which has already shelved out £1bn to top up its pension fund after last year's cut in the tax credit.

Greycoat centres on City property

UK Active Value, the "vulture fund" headed by Brian Myerson and Julian Treger, could yesterday lay claim to its second scalp in a matter of days. Last week it was Hogg Robinson and now Greycoat, the central London property group, has confirmed much-trailed plans to sell its flagship office development at Embankment Place in London's Charing Cross for £212m and buy back up to a quarter of its shares on a one-for-four basis at 171p a share. Both companies have received the attentions of UKAV, but neither is admitting the fund had any influence on their plans.

Certainly Greycoat was putting forward a good case for originality yesterday as it revealed that pre-tax profits of £1.3m replaced losses of £300,000 in the year to March. The group was saying, with some justification, that it had been apparent since at least 1993 that Embankment Place, representing half its £419m property holdings, made its portfolio top heavy. Yesterday's deal, understood to be with the Brunel Investment Authority and done at the equivalent of a 7.5 per cent net yield, suggests it was worth waiting.

Gearing will now fall to 62 per cent, allowing plenty of headroom to finance the other £50m required for the redevelopment of the group's three big City development properties at Gresham Street, Bishopsgate and Great St Helens. Those should be ready in nice time for the peak of the current cycle, which Greycoat expects in 1999. By the same token, Moor House, the other potential £100m project in the City, will not be proceeded with unless a 50 per cent pre-let can be obtained.

Barclays de Zoete Wedd is forecasting a rise in net assets per share from the current 172p to 195p this year. So the shares, up 2p at 165.5p, look reasonable value as a punt on London property.

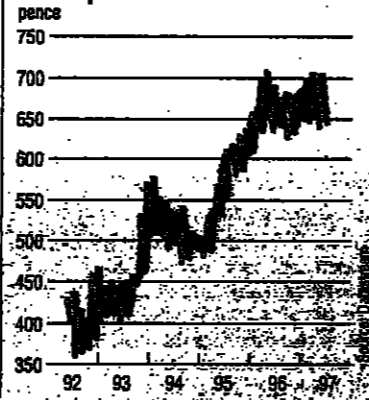
Scottish and Newcastle: At a glance

	1993	1994	1995	1996	1997
Turnover (£bn)	1.51	1.76	2.22	2.22	2.22
Pre-tax profits (£m)	183	222	264	157	372
Earnings per share (p)	29.8	33.7	35.0	21.4	59.8
Dividends per share (p)	16.0	16.8	18.0	19.4	21.4

UK brewers market shares 1996, %

Others 22
Scottish Courage 28
Whitbread 13
CT 14
Bass 23

Share price



Whelan sells £17m of shares to fund Wigan stadium

Nigel Cope
City Correspondent

David Whelan, the former Blackburn Rovers footballer who is chairman of JJB Sports, has sold £17m of shares in the company to help fund a new stadium for Wigan Athletic football club.

Mr Whelan, who is chairman of the Exchange, would end capital gains roll-over relief which limits or defers the tax payable provided the proceeds are invested in another business.

He said he feared that Gordon Brown, the Chancellor of the Exchequer, would end capital gains roll-over relief which limits or defers the tax payable provided the proceeds are invested in another business.

"I think the Chancellor will end that, so by selling now I will not have to pay the 40 per cent tax," Mr Whelan said.

"If there wasn't a Budget on Wednesday I wouldn't be selling."

Mr Whelan sold 3.5 million shares at 481p each. However, he and his family still control 55 per cent of the fast-growing company and Mr Whelan has



Selling fast: David Whelan wanted to beat the Budget

undertaken to sell no more shares for 12 months.

He said his family remained as committed as ever to the company: "We still live and breathe it. We love it."

Mr Whelan will use the share proceeds to help fund a new £20m stadium for Wigan which it will share with Orrell, the rugby union club.

Construction of the 25,000 all-seater stadium is expected to

start in September and is scheduled to take 12 to 15 months.

Wigan were promoted to the second division of the football league last season and Mr Whelan said he was hoping for more success in the coming campaign.

"We are going to fight like hell for it," he said.

The share sale comes just two weeks after Mr Whelan gave his grandchildren £28m of shares for inheritance tax reasons. The gift made two-week-old Paul Sharpe one of the youngest millionaires in Britain.

Separately JJB Sports issued an upbeat trading statement showing that in the 22 weeks to 29 June like-for-like sales were 13 per cent ahead of the same period last year.

Total sales, including new openings and additional floor-space, were 60 per cent higher. Though this is lower than the 71 per cent increase announced in April, the company said this was due to a relatively poor start to 1996 because of adverse weather conditions.

JJB shares were unchanged at 492.5p.

Lonrho talks with JCI fail

Magnus Grimond

Lonrho yesterday confirmed the collapse of merger talks with JCI, the first black-controlled South African mining house, which would have created a \$3bn (£1.8bn) minerals group. Shares in the British-based hotels to cotton farming group fell 4p to 127.5p on the news.

No reason was given for the failure of the negotiations, first revealed last month, but reports from Johannesburg suggest that there were disagreements over ownership, management and financing. Last week, Roland "Tiny" Rowland, the former chief executive and still a large shareholder in the group, hit out against the merger as part of a campaign to enlist investor support against the deal. He said yesterday he was pleased to hear that it had now been called off.

"If they had gone ahead with a merger with JCI, I would have sued some of the directors.... It was a rotten deal for shareholders. Lonrho no longer has an effective board. They are receivers, there to sell off parts of the group."

Nick Morrell, Lonrho chief executive, refused to elaborate on why the talks foundered.

"For a number of reasons these discussions have terminated. We may come back to them about coal, but we haven't decided yet," Mr Morrell said.

The original talks with JCI were to discuss a possible merger of the two companies' coal interests, which lie next to each other in South Africa. Mr Morrell said it "makes very good sense" to put Lonrho's Duiker Mining business together with JCI's Tavistock Collieries operation, but added: "We would not be interested in selling Duiker."

The ending of the corporate merger talks will revive speculation that other South African mining groups, such as Anglo Vaal and Gencor, are interested in bidding for Lonrho. Mr Rowland said Anglo American, which owns around 27 per cent of Lonrho, should now bid at the 201p, a share price at which it bought shares from him. Anglo has been ordered by the European Commission to reduce its stake in Lonrho to below 10 per cent on competition grounds.

Mr Morrell said he had received no offers from anyone and he also refused to confirm reports that the group would now accelerate its break-up plans.

Bath Press may move into France

Cathy Newman

Bath Press Group, the book printer that was founded by the inventor of shorthand, Sir Isaac Pitman, is aiming to expand into France within a year and intends to partly fund any acquisition with a rights issue.

The company, which came to the market two years ago, said yesterday it could spend only around £3m in cash; and would therefore need to launch a rights issue if it pulled off its plans for expansion. Bath Press, which bought Proost, the Belgian book printer last August, has already held informal talks with several operators in the French market.

Roy Hill, the company's chief executive, said in the longer term he may look at taking the company into mass-market paperback through acquisition. Bath Press prints academic books and retail non-fiction.

Reporting a 92 per cent increase in pre-tax profits to £5.5m for the year to the end of March, Mr Hill said yesterday he would order a £1.8m printing press in Glasgow towards the end of the year and a new binding plant would be installed in the Bath centre this month.

Ronson to fight Hodgson compensation

Sameena Ahmad

Ronson is set to contest the payment of any compensation to Howard Hodgson, the multi-millionaire who was ousted as chief executive of the company last month, according to company insiders. Mr Hodgson, who was unavailable for comment yesterday, was on a two-year rolling contract that paid £150,000 per annum.

Separately, it is thought that

Mr Hodgson harbours aspirations to buy some parts of the lighter to leather goods group. Directors at the company, which has served up two profit warnings in the past four months, want to slim down operations to focus on its core branded lighters and watches.

Ronson also sells sunglasses, pens, leather luggage and jewellery as well as operating home shopping, duty-free and packaging businesses.

While the group said no decisions had been made on the future shape of the company, Alan Kilkenny, a non-executive director, said the company had "tried to get into too many markets".

Commenting on the suggestion that there might be fat to trim in the company, Mr Kilkenny said: "You can be assured that there will not be profligacy from now on."

He was speaking as the com-

pany reported pre-tax losses of £2.2m for the year to December compared to £4m of profit made in 1995.

The losses, £200,000 higher than the group predicted when it posted a financial warning in June, were attributed to relocation and reorganisation expenses, costs from shipping products which were not in stock to meet orders, reduced margins and a £900,000 bad debt provision. Sales, which

fell 7 per cent, had been hit by a factory fire.

Laurie Todd, finance director, said he did not expect further provisions, but warned that first-half losses would be "significant" in order to invest in re-viving the Ronson brand. A new information technology system was likely to cost around £1m.

Shaun Dowling, executive chairman, said there was "solid demand" for the group's products.

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Beckett tamed by the watchdog mandarins

COMMENT

The truth of the matter is, that while utility regulation may be in need of some institutional reform, its underlying foundations are essentially sound.

If in doubt, order a review. In a move worthy of that great fictional civil servant, Sir Humphrey Appleby, all those weird and wonderful ideas Labour tried with while in opposition to address the supposed excesses of the privatised utilities – profit sharing, sliding scale regulation and the like – are now to be subjected to a thorough going review. And by civil servants no less. It can be said with a reasonable degree of certainty that by the end of the process, most of these suggested innovations will have been quietly buried.

So mature, considered and generally unrevolutionary did Margaret Beckett's speech on regulatory reform seem yesterday, that for all we can surmise, Sir Humphrey must already have had his way and persuaded the new President of the Board of Trade to back away from all that was said while on the other side of the fence. Rate of return regulation is ruled out entirely. Executive remuneration is a matter not for regulators but for the companies themselves, she says in words that might have come straight from the lips of John Major. She is also going to stick with the idea of independent regulation, free from political interference.

And in an admission that she would never have made in opposition, Mrs Beckett concedes that "the combination of competition, regulation, and the introduction of new technology in the utilities since privatisation has in most areas brought benefits in the form of lower prices to consumers". Well there's a thing. It seems that

Mrs Thatcher built something worth preserving, after all.

The truth of the matter is, of course, that while utility regulation may be in need of some institutional reform, its underlying foundations are essentially sound. In some cases, notably telecommunications and gas, regulators have already succeeded in ironing out virtually all the early privatisation excesses, so much so that the introduction of new-fangled ideas such as profit sharing might actually work against the interests of the customers they are meant to protect.

That's particularly the case with gas where old-style price cap regulation is now so severe that there is a real chance that TransCo won't earn the regulator's assumed rate of return. Under profit sharing, customers would end up having to help meet the difference with higher prices.

In other utilities regulators are well on the way to achieving the same thing. The exception is the most recent price regulated privatisation, rail, which is being left out of Mrs Beckett's review. John Prescott is determined to keep the railways as his own special playground.

For a party that made so much out of privatised excess while in opposition, the irony is that now it's in government there's not much left to be done about it, other than a little tinkering at the edges. There may be some scope for standardising general principles of economic regulation across the utilities, and the cult of personality among reg-

ulators certainly needs to be curtailed. Under its own steam, however, price cap regulation is now delivering for customers in exactly the way it was always intended to. As with so many other things, it all came too late to help the Tories.

Brown won't be able to please everyone

Gordon Brown has lots of constituencies to please in tomorrow's Budget. For the markets, he needs to produce a fiscally responsible Budget. For industry, it has to be business friendly – lots of measures to help investment and offset the effect of the expected abolition of tax credits on dividends. For Old Labour, it has to be a Budget with a social conscience. Measures to help the poor, reduce unemployment and crack down on the fat cats will have to be included alongside anything that helps business.

Then there are the economic pundits, a small but hard-to-please elite of consensus. Only a raft of measures to dampen down the consumer boom and halt sterling's soaring appreciation will satisfy them. And finally there's the Middle England, or New Labour. This is the most difficult constituency of all to square with the others. It expects some fiscal tightening but not that much. Dress it up in green clothing and it becomes that much more acceptable. But at what point does fiscal tightening become a breach of

Labour's election promise not to increase taxes? Hit new Labour voters too hard, and they'll start complaining.

So to use a dreadful old cliché, Mr Brown has got quite a tightrope to walk. Having now discovered a "black hole" in the public finances, largely artificially it has to be said, he's got to fill it. He's also got to find money for reform of the tax and benefit system and to fund all those investment incentives that industry is confidently looking forward to. At the same time he's got to raise money to soak up some of those building society and insurance windfalls, taking it out of the economy altogether. And finally he's got to do all this without giving the Conservative opposition ammunition to be able to say, credibly, we told you so. If he pulls all that off, he really will be a Chancellor to remember.

FitzGerald's strategy will take some time

Unilever's sale of its John West canned fish business to Heinz seems to lay at least one stock market canard to rest – that it might use the £5bn proceeds from the sale of its speciality chemicals business to take a tilt at the Pittsburgh-based bean leviant than itself. It wouldn't make a lot of sense to sell your unwanted businesses to a company you intended to bid for.

Unilever's chairman, Niall FitzGerald, has been playing a good guessing game with the

City for weeks now. He has told Unilever watchers to expect the unexpected and Heinz has been one of a raft of names linked with his shopping list. With Heinz now seemingly ruled out, perhaps the rumour mill will turn to other US consumer goods companies, like Campbell Foods and CPC.

Or maybe not. Actually, Mr FitzGerald has persistently stressed since announcing the speciality chemicals disposal his intention of rebalancing group assets towards the mouth-watering opportunities in emerging markets such as the Far East and central and eastern Europe. Buying Campbell would not achieve that aim. And even CPC, which is more international than most, still makes half its profits in mature markets such as the US and Europe. The difficulty for Mr FitzGerald is that while the City keeps looking for the big deal, his alternative strategy is going to take some time to realise. Most branded goods companies in emerging markets are family owned and relatively small. In any case, Mr FitzGerald wants to build his own brands in these markets.

While there might be a few deals long the way, therefore, much of this development is bound to be organic. It is something Coca Cola has been doing for years – starting from scratch in new markets and building the brand. The problem is that Unilever has a bit of ground to make up. Only a third of its profits come from emerging markets. Meanwhile that earnings dilutive £5bn will keep burning a hole in Mr FitzGerald's pocket.

DTI plans review of utility regulation

Chris Godsmark
Business Correspondent

The Government yesterday pledged to redress the balance between utility customers and shareholders with a review of how privatised companies are regulated, but admitted that the main planks of the existing system were likely to be preserved.

Key plans to ensure poorer consumers did not come out worse off from emerging domestic energy competition also ran into immediate conflict from the Clare Spottiswoode, the gas regulator, who warned against one group of customers subsidising another.

Margaret Beckett, President of the Board of Trade, said the interdepartmental review, which would take several months, would look at all aspects of the way the privatised utility companies were regulated from price controls and dividends to consumer representation. The results would then go out to public consultation.

She said privatisation had given the impression that share-

holders interests came first and promised any changes would leave "a very tough" regime. "Satisfied consumers are the key to regulatory stability. The balance between the returns to shareholders and those to consumers from efficiency gains is part of this debate."

However, she also sought to reassure companies that some of the more radical proposals previously floated had been ditched. "We're not talking about the Government taking control by the backdoor."

One option, trailed by Labour before the election,

was to introduce annual profit sharing to cream off any excess profits which were not intended to emerge under longer-running price regimes. It would work alongside the existing price cap system, which limits bills through a formula based on inflation.

Mrs Beckett also confirmed

the Government had ruled out moving to a rate-of-return regulation system on the US model, where prices are directly linked to investment spending, which critics have argued led companies to "gold plate" their networks.

The profit sharing plans ran into swift opposition from Mid-

lands Electricity, the US-owned regional power company. Mike Hughes, chief executive, warned: "Profit sharing is both bureaucratic and it puts up costs. It damages incentives and it pushes up prices."

Owat, the water watchdog, also cast doubt on the system. "The question is whether that reduces incentives so customers get a larger share of a smaller cake," said a spokeswoman. A DTI source later stressed the need for regulatory consistency, describing Owat's voluntary system of profit sharing as "slightly bonkers".

Another concern was that pre-payment meter customers on low incomes were seeing the smallest savings from domestic energy competition because they cost more to supply. "We must ensure that competition provides a better deal for all consumers, including the poorest," said Mrs Beckett.

Ms Spottiswoode said it was impossible to have "invisible cross subsidies". "There's no point in trying to fight for things that are not possible any more."

Severn Trent shareholders get £134m

Severn Trent, the privatised water company, yesterday announced plans to hand back £134m to its shareholders, just two days before the Government reveals in the Budget how much the company will have to pay under the windfall tax, writes Chris Godsmark.

The Birmingham-based group blamed the unfortunate timing of the capital restructuring plan on the need to obtain approval from shareholders at its annual general meeting on 30 July. The announcement pushed Severn Trent shares up 13p to 777.5p.

The capital reorganisation, similar to those made by Southern Electric and Yorkshire Water this year, completes a 10 per cent share buy-back plan announced

last November. Southern carried out just over half the operation in December, buying back 5 per cent of its shares at a cost of £121.5m. It followed a rethink after the company's planned takeover of South West Water was blocked by the Government.

Alan Costin, finance director, denied the latest move showed the company had room to pay the windfall tax. Research by Goldman Sachs estimated the company could pay between £150m and £264m of a total levy that could reach £5bn.

"I don't think there's any connection between the capital restructuring and the windfall tax. The timetable for this is dictated by our own date," Mr Costin said.

He said the capital restructuring was the most efficient way to hand back cash to in-

vestors, with the benefit that all shareholders would share in the gains. The move, which has to be carried out by 11 August, will cost the company £134m based on Friday's closing share price of 764.5p.

The restructuring involves issuing shareholders with a new ordinary share worth 60p and a new class of "B" share worth 38p for every existing share with an issued value of 100p. Severn Trent will offer to buy back all the B shares, free of commission charges, through merchant bankers Schroders. The company will also consolidate the ordinary shares, giving investors 19 shares for every 20 held.

Mr Costin did not discount the possibility of further buy-backs after the windfall tax.

Andersen elects Grafton to resolve row

Roger Trapp

The board of Andersen Worldwide, the international accounting and consulting firm, has appointed its chairman as acting chief executive in an effort to defuse the row that has seen the organisation's partners twice reject the management's nomination for chief executive.

The 27-strong board said the unanimous election of Robert Grafton, a 25-year veteran of the Chicago-based firm, "decouples the CEO electoral process from the separate and distinct process of achieving constructive organisational change".

At a meeting in Paris earlier this year the firm's 2,700 partners overwhelmingly decided to keep the Arthur Andersen accounting arm and the Andersen Consulting operation together. But it is clear that continuing tensions about the future of the world's biggest accounting and consulting firm were behind the failure last month of first Jim Wadia, head of the UK accounting operation, and then George Shaheen, world-wide head of Andersen Consulting, to secure the two-thirds majority necessary to succeed Lawrence Weinbach as managing partner-chief executive.

Mr Weinbach – seen as a "statesmanlike" figure and one of the architects of the 1989 split between the traditional business advisory arm Arthur Andersen

and Andersen Consulting, which has increasingly become associated with information technology projects and outsourcing – is not seeking a third term as head of a firm that employs about 100,000 people and last year reported revenues of \$9.5bn (£5.7bn). He plans to retire to pursue other interests at the end of next month.

Under the interim arrangements announced yesterday, following the board's weekend meeting in New York, a group of about 10 partners will be selected to conduct a wide-ranging review by next spring.

It is understood that the group will examine "anything and everything", including such issues as reorganising the board to reflect the fact that the consulting operation is now as large as the accounting firm and friction over believed differences in earnings between US partners and those in the rest of the world. The team will also look at ways of improving the firm's already renowned technology and training efforts as well as how to build on its service to clients.

The board hopes that having a much smaller group than the Andersen 21 body, which involved more than 70 partners when discussing the first overhaul of the firm since the consulting operation became a separate entity, will speed up the decision-making process.



In the can: Chairman Niall FitzGerald wants to focus on 'power brands'

Photograph: John Lawrence

Unilever sells John West to Heinz

Nigel Cope
City Correspondent

Unilever has sold its UK-based John West Foods business to HJ Heinz and Co for around £40m. The sale is part of the strategy outlined by Niall FitzGerald, Unilever's chairman, of focusing on "power brands" that it can market around the world.

Best known for its canned fish,

particularly salmon, John West has not been a high margin business for Unilever as the company does not manufacture or can the products. Based in Liverpool, the UK business employs just 88 people in importing, distributing and marketing functions. The business achieved sales of £150m last year.

Unilever said it was selling the business as the John West range

of canned fish and vegetables were no longer considered a priority. However, it will retain the John West operations in Australia and New Zealand as these are part of larger integrated food businesses.

Famed for its advertising slogan "It's the fish that John West rejects that makes John West the best" the company was founded by John West, a Scot

born near Edinburgh, who emigrated to the United States. It was formed as a partnership in the 1860s with the first John West salmon products reaching England in 1869.

The UK operations are based in Liverpool and the company has been associated with Unilever since the 1920s. It has been a wholly owned subsidiary of Unilever since the 1960s.

Robert Hanson set to sell crane maker for £400m

Clifford Garman

Robert Hanson, the 37-year-old son of the Hanson group's founder who has been corporate development director for two years, has been given the job of selling off Grove Worldwide, the Hanson group's US-based maker of hydraulic cranes and aerial work platforms.

The sale, which will be conducted through an inter-

national auction handled by the Goldman Sachs investment bank, is expected to raise around £400m.

The announcement yesterday followed several informal approaches from potential trade buyers and was made with the intention of flushing out other potential buyers.

It is the latest in a sequence of disposals by Hanson since Lord Hanson reversed the

company's long-term acquisition policy in 1995.

Grove Worldwide was acquired as part of the Klidde group of businesses in 1987, but it was not included in the portfolio of American businesses de-merged with US Industries two years ago. Hanson's mainstay businesses are in building materials, and include ARC, Cornerstone and Hanson Brick.

Grove is the largest US

maker of cranes with plants in Pennsylvania and Nebraska and is the market leader in the UK, where it has a manufacturing plant in Sunderland. It also has plants in the UK, France and Germany and employs around 5,000 people worldwide.

Around 60 per cent of sales are in the US, with a further 30 per cent in Europe, Africa and the Middle East. Analysts said

Grove's turnover and profits were volatile, as would be expected from a manufacturer of high-priced capital equipment.

It made an operating profit of £48m in the last financial year on a turnover of £529m. That compared with a profit of just £12m on a turnover of £261m in 1994.

In the first six months of the current financial year, however, it reported an operating

profit of £20.5m, down 9 per cent on the same period last year. The group blamed a change in the sales mix, aggressive pricing by competitors and currency effects.

Hanson is its demerged state since Imperial Tobacco and Millennium Chemicals last October has little debt, however, and the disposal of Grove could help finance new acquisitions for the core business.

IN BRIEF

Gas market to start early in Scotland

The next phase in the opening of the domestic gas market will start on 1 November, giving choice to 2 million homes in Scotland and the North-east of England, the gas watchdog, Ofgas, said. The date, two weeks earlier than that predicted by independent suppliers, was possible because TransCo, the British Gas pipeline business, was building a separate computer system to manage the process. Full competition across the UK will follow in stages, ending with London and Surrey on 19 June 1998.

Midlands dampens competition hopes

Midlands Electricity cast doubt on the cost savings from domestic electricity competition, which will begin next April. In one of the most damning public attacks so far by a regional power company, Mike Hughes, chief executive, said: "People should not expect the fall in electricity prices in 1998 like the fall in gas prices. Electricity is not a parallel to gas." He said 1998 was costing to company "real money – very high levels", but would only affect for 7 per cent of bills, of which 1 per cent was currently profit. "It's difficult to see how immediate price cuts will occur," he warned.

TV watchdog cracks down on sales staff

The ITC moved to prevent cable and satellite operators issuing misleading information about their competitors. The watchdog has told cable and satellite companies that some employees had distorted subscribers' decisions by giving "misleading and derogatory information" about their competitors. The ITC has now asked licensees to train and monitor sales and subscriber management staff, and to maintain a register of complaints from competing service providers.

Norwich Union appoints finance director

Norwich Union has appointed Michael Biggs as finance director, a fortnight after the life insurer's flotation. Mr Biggs is currently group director (international) for Norwich Union and he succeeds Richard Harvey, who will become group chief executive of the company in January 1998. Responsibility for Norwich Union's international businesses will be assumed by Tom Fraser, who joined the company from Ernst & Young two years ago.

Biocure buys needle disposal company

Biocure Holdings has bought a company roughly twice its size, Needle Incinerator Company (NIC), a specialist in the on-site disposal of medical biohazardous waste which has developed an innovative needle disposal system. Biocure is paying for the deal by issuing 100,537,578 new ordinary shares to the current shareholders of NIC, valuing NIC at around £27.7m.

The company is also changing its name to Medisys, and has appointed Michael Coy, Brian Timmons and James Chan, directors of NIC, to the board of Biocure as managing director, finance director and commercial director respectively.

Biocure is also delisting from the Official List and transferring to AIM. It will hold an EGM on 25 July to seek shareholder approval, and dealing on AIM will start on 28 July. NIC's needle disposal products are forecast to have a big impact in the US and Mexico. NIC made losses of £668,000 in the year to 31 May 1996, and losses of £990,000 in the seven months ended 31 December 1996.

Abbey National opens branch in Safeway

Abbey National is to open its first in-store bank branch in a Safeway supermarket as part of the cooperation deal between the two companies. A branch of Abbey National would be opened in Safeway's Leicester store on 15 July for a one-year trial period, and would offer a wide range of personal financial services, the two companies said.

In March, Abbey National and Safeway launched the ABC Bonus Account as a debit account for Safeway shoppers. "The two companies are working together to provide an integrated package of jointly-branded financial services, from personal loans to household insurance, as well as developing technology to provide further in-store financial facilities," they said.

P&O expecting ruling on ferry merger

Lord Sterling, chairman of Peninsular & Oriental Steam Navigation, said he hoped for a decision this week from the Government on the proposed merger between the company's and Stena Line's cross-Channel ferry operations. He added that he was not concerned by decision last week by Margaret Beckett, President of the Board of Trade, to block the takeover by Bass of Carlsberg-Tetley, as the deal was in a "completely different category". However, he recognised that the rejection was "a very unusual decision".

WPP feels sterling impact on revenues

WPP Group said world-wide revenues in the first five months of 1997 were up more than 7 per cent, while the impact of strong sterling meant that reportable revenues were down slightly for the period. Overall, the advertising group said it was ahead of budget and ahead of last year in a "sound" trading environment.

Sterling has strengthened considerably, in WPP's case on average by 8 per cent, not only against the US dollar but even more so against continental European currencies and the Japanese yen, and as a result, reportable revenues were slightly down, the company said.

It said it achieved stronger revenue performances than the average in Latin America, Asia Pacific and the United States. Europe grew by about 6 per cent with some signs of a strengthening in continental Europe.

Bank of Scotland agrees bid for EFT

The Bank of Scotland announced an agreed £89.6m bid for EFT, a Glasgow-based leasing group. The offer is worth 175p a share in cash, with a five-for-11 share alternative. The Bank, which has the support of holders of 9.72 per cent of EFT shares, intends to merge the group with its existing British Linen Leasing operation.

Budget gloom and US interest rates keep Footsie down

Share spotlight

share price, pence

MEI Furniture

J A S O N D J F M A M

Just to underline stock markets are in for a highly uncertain week, with even the most deeply researched investment decisions likely to be found wanting, the Americans are due to start deliberating on their interest rates today.

And to pile on the agony the US non-farm payroll figures, renowned for creating stock market turmoil, will be published on Thursday. The investment week could be left in limbo and the temptation to postpone decisions heightened with New York closed on Friday for Independence Day.

failed to keep up their spirits despite continuing speculation about a bid for National Westminster Bank Barclays, still to produce a definitive bid, although the bid fell 33p to 192p and Abbey National, another rumoured NatWest partner, weakened 13 1/2p to 820p. Royal Bank of Scotland, last week touted as a sure-fire target for HSBC, tumbled 27 1/2p to 539 1/2p, leaving it a most unlikely prospect.

Newly floated Halifax remained on form with the shares, in busy trading up 11 1/2p to 773p.

BTR, the struggling conglomerate, rallied 6 1/2p to 305 1/2p, through the chunky bill takeover story went the rounds again although there is a grow-

ing conviction that at much above 200p the sum-of-the-parts valuation is unlikely to encourage a break-up bid.

Lomha, another where parts could be worth more than the whole, fell 4p to 127.5p as merger talks with JCL, the South African group came to nothing.

In the past few weeks the suspicion has grown that the discussions were doomed.

MFL, the furniture retailer, edged forward 2p to 135p ahead of results due today. **Asda** fell 10p from £38.1m to £37.1m.

Brixton, the wire rope maker, jumped 29.5p to 135.5p, a 12-month high, as engineer

FKI, which failed to buy Newmann Tonks after a fierce title battle earlier this year, emerged as a possible bidder. The engineer fell 3p to 170p.

Severn Trent, returning £134m to shareholders, gained 13p to 777.5p, and Scottish Power, up to 391p on Credit Lyonnais Ltd's bid.

Increased profits did little for Scottish & Newcastle, off 4.5p to 646.5p, and Bass remained tentative after Friday's takeover rebuff, falling 2p to 733p.

Merrydow, the allocops and cider group, lost 12.5p to 55p. Figures one yesterday failed to materialise. They have, it would appear, been postponed until after the Bud-

BSkyB remained in sad decline with futures activity apparently doing the latest damage. UBS was said to have taken up a batch of September puts. In the cash market the shares fell 13.5p to 440p.

Fleetsch continued to display relief that last week's BBC and Pearson share sales were out of the way, rising 20.5p to 66p.

Telecom TV on hopes it will be next in line for a bid, rose 19.5p to 179.5p.

Firm crude prices prompted flares among second-line oils with British Petroleum Petroleum Syndicate up 28.5p to 1,417.5p and Hardy Oil & Gas 6p to 334.5p. Shell, in its new slim-line form, declined 11.25p to 409.5p.

Crown Leisure softened 3p to 109.5p. Interim profits were £52.0m against £466.0m, the cost of developing on-line lottery in pubs. Clubs and shops will depress year's profits.

JUST was held at 492.5p after chairman David Whelan sold 3.5 million shares at 480p through SBC Warburg. The object of the exercise was to finance a new stadium for Wigan Athletic.

Engineering minnow **Ferrum** slumped 4.75p to 2.5p after an £8.0m profit and a shake up including a £3.1m cash call. Thompson Holdings, vehicle of Richard Thompson, will underwrite the offer.

BAVAT, where family interests have 25 per cent, will use the cash to develop its motor side; a hand-out to shareholders is, however, likely. The shares were firm at 260.5p.

☐ **Kays Food**, now focusing on home care services and leisure catering, held at 2.5p. Stockbroker **Ellis & Partners** described the shares as "speculative but interesting". It forecasts a loss of £150,000 in the year ended March but profits of £90,000 this year and then £700,000.

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16	16	Marietta	148		97	144	220
42	35	Meconic	345		22		263
73	148	Midland Run	150		87	163	323
31	43	Norham	44		30		323
20	20	Norfolk	34	+1	37		2300
240	240	Panola	308		23	219	483
346	346	Saville	271	+1	33	283	3635
590	590	Suffolk	23	+1	60	14	452
690	537	Wilmington	63		49	14	434
243	385	Tyler City	192		159		427
391	332	VIA Cargo	354	+1	37	27	4547

[illegible]

183%	170%	71.2	6.11	479%	1.4	3,622	18
150%	144%	71.2	9.13	147%	1.4	3,182	130
191%	153%	71.2	9.16	158%	1.4	3,682	130
154%	147%	71.2	10.20	154%	1.4	3,625	130
126%	123%	71.2	9.24	125%	1.4	3,184	130
120%	118%	71.2	9.30	123%	1.4	3,183	170

Undated

54%	49%	Core 4%	54	+ 1/2	122
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101 1/2	100 1/2	71 8 1/4 15	100 1/2	-	649
102 1/2	102 1/2	Ex 15 1/4 17	102 1/2	-	686
101 1/2	100 1/2	7 7 1/4 16	100 1/2	-	689
103 1/2	101 1/2	Ex 8 5/4 16	101 1/2	-	681
114 1/2	100 1/2	7 15 1/4 16	102 1/2	-	696
102 1/2	101 1/2	Ex 12 1/4 16	-	-	701
89 1/2	88 1/2	71 6 1/4 16	96 1/2	-	732
103 1/2	103 1/2	71 9 1/4 15	103 1/2	-	732
111 1/2	108 1/2	Ex 12 1/4 16	108 1/2	-	703

9	122	58	7	10% 01	100	-	734
9	122	1	100	7	2 4% 02	10	735
9	122	1	100	7	2 4% 03	10	736
12	122	1	100	7	2 4% 01 04 12	10	737
12	122	1	100	7	2 4% 02 05	10	738
12	122	1	100	7	2 4% 03 06	10	739
12	122	1	100	7	2 4% 04 07	10	740
12	122	1	100	7	2 4% 05 08	10	741
12	122	1	100	7	2 4% 06 09	10	742
12	122	1	100	7	2 4% 07 10	10	743
12	122	1	100	7	2 4% 08 11	10	744
12	122	1	100	7	2 4% 09 12	10	745
12	122	1	100	7	2 4% 10 01	10	746
12	122	1	100	7	2 4% 11 02	10	747
12	122	1	100	7	2 4% 12 03	10	748
12	122	1	100	7	2 4% 01 04	10	749
12	122	1	100	7	2 4% 02 05	10	750
12	122	1	100	7	2 4% 03 06	10	751
12	122	1	100	7	2 4% 04 07	10	752
12	122	1	100	7	2 4% 05 08	10	753
12	122	1	100	7	2 4% 06 09	10	754
12	122	1	100	7	2 4% 07 10	10	755
12	122	1	100	7	2 4% 08 11	10	756
12	122	1	100	7	2 4% 09 12	10	757
12	122	1	100	7	2 4% 10 01	10	758
12	122	1	100	7	2 4% 11 02	10	759
12	122	1	100	7	2 4% 12 03	10	760
12	122	1	100	7	2 4% 01 04	10	761
12	122	1	100	7	2 4% 02 05	10	762
12	122	1	100	7	2 4% 03 06	10	763
12	122	1	100	7	2 4% 04 07	10	764
12	122	1	100	7	2 4% 05 08	10	765
12	122	1	100	7	2 4% 06 09	10	766
12	122	1	100	7	2 4% 07 10	10	767
12	122	1	100	7	2 4% 08 11	10	768
12	122	1	100	7	2 4% 09 12	10	769
12	122	1	100	7	2 4% 10 01	10	770
12	122	1	100	7	2 4% 11 02	10	771
12	122	1	100	7	2 4% 12 03	10	772
12	122	1	100	7	2 4% 01 04	10	773
12	122	1	100	7	2 4% 02 05	10	774
12	122	1	100	7	2 4% 03 06	10	775
12	122	1	100	7	2 4% 04 07	10	776
12	122	1	100	7	2 4% 05 08	10	777
12	122	1	100	7	2 4% 06 09	10	778
12	122	1	100	7	2 4% 07 10	10	779
12	122	1	100	7	2 4% 08 11	10	780
12	122	1	100	7	2 4% 09 12	10	781
12	122	1	100	7	2 4% 10 01	10	782
12	122	1	100	7	2 4% 11 02	10	783
12	122	1	100	7	2 4% 12 03	10	784
12	122	1	100	7	2 4% 01 04	10	785
12	122	1	100	7	2 4% 02 05	10	786
12	122	1	100	7	2 4% 03 06	10	787
12	122	1	100	7	2 4% 04 07	10	788
12	122	1	100	7	2 4% 05 08	10	789
12	122	1	100	7	2 4% 06 09	10	790
12	122	1	100	7	2 4% 07 10	10	791
12	122	1	100	7	2 4% 08 11	10	792
12	122	1	100	7	2 4% 09 12	10	793
12	122	1	100	7	2 4% 10 01	10	794
12	122	1	100	7	2 4% 11 02	10	795
12	122	1	100	7	2 4% 12 03	10	796
12	122	1	100	7	2 4% 01 04	10	797
12	122	1	100	7	2 4% 02 05	10	798
12	122	1	100	7	2 4% 03 06	10	799
12	122	1	100	7	2 4% 04 07	10	800

180	88%	88%	11 8 4% 10	88%	-	737
181	10%	10%	Chr 9% 11	10%	-	717
182	87%	80%	12 5 1% 0% 27	80%	-	6392
190	18%	10%	11 8% 12	18%	-	716
226	12%	100%	12 8% 13	100%	-	717
246	10%	88%	12 7 4% 12 15	10%	-	716
247	10%	121%	12 8% 15	10%	-	723
251	12%	103%	12 8 4% 17	116%	-	737
254	11%	101%	100% 8% 100%	110%	-	721

0002	145	134	Reed Eric	104	24
0003	149	135	Reynolds Gary	100	2
0004	240	137	Rieple Jr	21	4
0005	142	138	Riverson Jo	106	2
0006	220	139	Robert William	224	+4
0007	402	140	Rohrle R N	307	9
0008	606	141	Stops	609	3
0009	330	142	Sarna G	363	33
0010	303	143	Shanklin G	31	62
0011	142	144	Shawson D	2	1
0012	160	145	Shawson D	2	1
0013	408	146	Shawson D	409	3
0014	142	147	Shawson D	142	3
0015	142	148	Shawson D	142	3

3974	Groomont House Wine	70
3980	Heart of Michigan	74
3981	Highland Yankee	58 1/2
3989	Impregnet Air Mergit	62 1/2
1039	Longshore Inn	15 1/2
3990	Northwestern Union	38 1/2
3991	Powdermill Phoenix	300
3998	Reservoir Martin Use	20 1/2
4008	Rockville Group	20 1/2
1051	2888 Group	12 1/2
3993	528 Group	55 1/2
3998	Venture Group	3 1/2

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Why the Bank of England was right on interest rates after all

So Kenneth Clarke was wrong and the Bank of England was right after all. When Mr Clarke blocked the Bank from increasing interest rates two years ago in summer 1995 the popular judgement was that he was proved right by subsequent events. The economy did seem to be growing more slowly and the rise did not seem to have been needed to slow it further. We all know that Mr Clarke was wrong to block the Bank from increasing interest rates in the run-up to the election; but the accepted wisdom has been that on that first occasion he was right. Indeed, even the Bank softened its line and tacitly admitted it had been wrong to press for such an early increase in rates.

Now we know the Bank was right. Last week, after the event, the statisticians announced they had discovered the economy had been growing more rapidly than they thought. GDP is now 1 per cent higher than they estimated and most of the revisions refer back to 1994 and 1995.

To many of us this did not come as a great surprise. Statisticians have found it difficult to measure activity in the service industries and usually have to upgrade their estimates. Intuitively, it felt as though the economy was expanding quite fast even when the figures did not confirm that, but economists are trained to look at figures rather than go out and find out what people are saying and doing. Last week's revisions to the data show they should have believed their instincts rather than their screens.

At one level this is all good sport: it is nice to poke fun at economists' earnestly analysing data that turns out to be completely wrong. But it does carry less agreeable implications for future policy, because if policy was not tightened early enough, it will have to be tightened more now. We all know

interest rates should have gone up last winter, but the delay was only a few months, which is none too catastrophic. Now it is becoming clear that policy should ideally have been tightened rather earlier - like when the Bank originally wanted to - if the present expansion is not to get out of control.

Or at least that is the new popular wisdom. Because growth has been faster than once thought and because the economy is now larger than thought, it is close to full capacity. It follows that growth has to be pulled back to its trend rate, 2.5-2.6 per cent, if there is not to be an inflationary boom. This is the background to the calls for Mr Brown to take steps in the Budget to cool the housing market and check the growth of consumption.

Anyone arguing this, though, ought just to consider one small possibility. Maybe the new data we are considering is just as flawed as the old.

The particular data here that are relevant are those for the capacity of the economy. In a predominantly manufacturing economy there is a clear limit to capacity: plants can produce a certain amount of output and if demand exceeds that, then there is a combination of a rise in imports and a rise in inflation as buyers compete for scarce products. But in a service economy capacity is a more elastic concept. Of



Hamish McRae

It is becoming clear that policy should have been tightened rather earlier - when the Bank originally wanted to - if present expansion is not to get out of control

course there are finite limits, but not only are these less clear-cut, it is also possible to increase capacity more quickly. Indeed with some service products, like computer software, capacity can be increased very rapidly and almost infinitely.

Not only is the ceiling on capacity softer than before, it is also at least possible that it may be growing faster than was previously thought. The historical growth rate of the UK economy has been around 2.3 per cent, though in the 1980s it actually grew at 2.5 per cent. If you take 2.3 per cent and start from 1990, you can show that we are already at full capacity now. Have a look at the graph, derived from some work by Goldman Sachs. If the old data had been correct there would still be some spare capacity, though the gap would be narrowing. Allow for the revisions to the data and we are already hitting the 2.3 per cent trend line drawn by Goldman.

On the other hand, if the underlying growth capacity had risen to the 2.6 per cent trend line that I have drawn in, there would be some spare capacity even allowing for the new evidence on growth.

Which view is right? It matters for policy. If the former is correct there is a serious and immediate problem. If growth is not slowed quickly we will run into an inflation problem very soon. But if the latter is correct, then, while growth will have to be checked over the next 18 months, there is less of an immediate danger.

There is certainly some problem, for consumption is rising very rapidly (witness the figures yesterday), and the housing market has an inflationary fizz to it. Further cause for concern comes from the money supply figures, also released yesterday, which show broad money rising at an annual 11 per cent. If you let money supply rise that fast you are going to get a housing boom. So whatever view you take on capacity, there is a case for higher interest rates.

But there is also quite a bit of evidence that there is no general capacity shortage yet. Unemployment has come down sharply, but the past three months have seen a modest decline in the rate of earnings growth, not a rise as you might have expected. What seems to be happening is that the demand for labour is pulling back into the labour market people who had become discouraged from seeking employment, like middle-aged women and early-retired men. This has enabled firms to carry on hiring without pushing up wage rates too much. There are specific labour shortages but not on a sufficient scale to lead to a general surge in pay rates.

Nor is there a problem on the balance of payments. True the very last monthly figures did show a jump in imports, but the current account was in solid surplus during the first three months of the year. Given the rate of growth of the economy over the past three years you would expect to see some sign of a deterioration during this time. But in fact the current account has moved from deficit to surplus. There may be a problem in the future but there is little evidence of it now.

Given the boom/bust history of recent years there is no cause for complacency. This is the stage of the cycle where we get things wrong. But given the scale and duration of the expansion, now in its sixth year, things appear quite benign - and would have looked even more benign had the Bank won that little spat with Mr Clarke two years ago.

Sugar not doing business with Sunday newspaper

PEOPLE & BUSINESS

Since Alan Sugar is willing to spend £11m on buying furniture away from Middlesbrough, another rumoured investment by the Spurs chairman, a paltry £400,000 in *Sunday Business*, the newspaper, appears small beer in comparison.

But a spokesman for Mr Sugar insists the latter is merely a rumour "that has been doing the rounds for the last three weeks. There's nothing in it. Alan Sugar has had enough trouble with journalists over the years. I hardly think he wants to start employing them."

Yesterday Mr Sugar was at the last extraordinary general meeting for Arsenal, his creation which is to cease trading. What's left of it has been acquired by Virgin Technology. His spokesman assures me it is footy only for Mr Sugar from now on.

Now NatWest Markets is seeking telecoms analysts as well as chief executives. Mark Lambert, who leads NatWest's highly rated telecoms team, is defecting to Merrill Lynch, along with Jo Oliver and telecoms equity salesperson Katie Still.

Mr Lambert and co will join Merrill's telecoms team, headed by Chris McFadden, in September. A Merrill spokesman was cock-a-hoop: "We think these are terrific additions. We look forward to adding them to an already strong team." There could be a squabble over who gets the biggest desk, though.

Talking of defecting analysts, Rob Thomas, the building society specialist, left UBS for SBC Warburg two months ago. So it was rather puzzling when I phoned his old number at UBS yesterday, only to hear the following message: "This is Rob Thomas. I'll be out of the office until the end of April." A bit longer than April, I think.

One would have thought that if a company had gone



End of an era: Alan Sugar has a footy-only future

through a bad patch then it would be only too pleased to forget all about it. But the Investor Relations Society awards last Friday at the Hyde Park Hilton opened up a wardrobe full of skeletons. John Humphries from the *Today* programme was handing out the prizes and BP seemed to win most of them, including Best Company and Best Annual Report. So far so good. Then came the prize for "which company's investor relations department had performed best in crisis management".

The three nominations were National Westminster Bank, Yorkshire Water and Matthew Clark. These names were read out to stunned silence. Were they really going to take up NatWest's £90m options black hole, Yorkshire's leaks and Matthew Clark's profits warning?

Then came the award for corporate governance - would it be BTR or Enamp? At these names there was a gasp of incredulity - wasn't Enamp the company which last year sacked a boardload of non-executive directors? The demused guests were able to recover by dancing the night away with a band doing a creditable rendition of Spice Girls songs.

Good news for those who work in Canary Wharf in London's Docklands (and that includes *The Independent*). Yesterday a boat service started up between the pier at London Bridge and Canary Wharf, costing £1 each way and running half a dozen times a day.

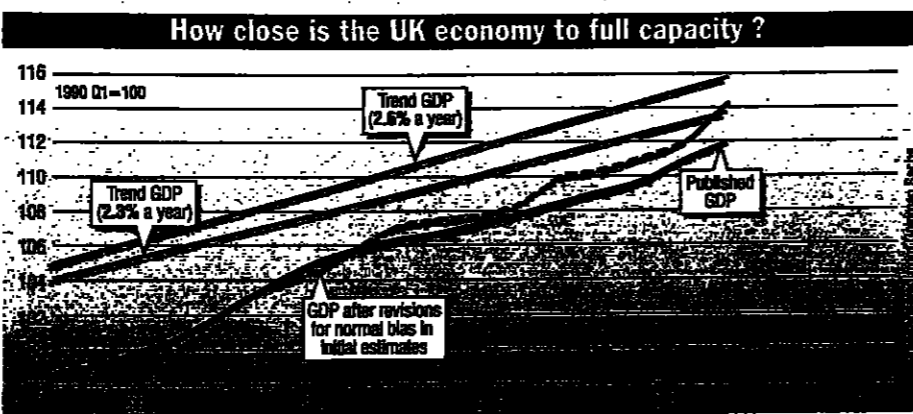
This promises to be a popular alternative to the Docklands Light Railway, especially with BZW joining Morgan Stanley and Credit Suisse in Docklands.

Ogilvy & Mather, the smooth advertising people, already have their own riverbus, *H.O.M.*, which they brought with them six years ago when they moved to Docklands. Canary Wharf used to run a riverbus, but this went bust around the time Canary Wharf did, before the banks stepped in to the rescue. There is some mystery over whether O&M pays anything for its boat or whether it is a "sweetener" offered by Canary Wharf.

There is another puzzle. Tidal Cruises, the company operating the new river boat service, is only contracted to serve people who work in Canary Wharf. How will they tell who is eligible? Will everyone in BZW have to have it stamped on their foreheads? We'll have to wait and see.

Andy Carroll, one of the few analysts at struggling Manchester stockbroker John Siddall, is leaving to join a number of former colleagues at breakaway broker WH Ireland. The latter has snapped up a number of former Siddall people, including Laurie Beavers, since it set up shop a year ago. This will not amuse Siddall's new owners, an AIM start-up called Integrated Asset Management, chaired by Swiss banker Ferdinand Lips.

John Willcock



Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	166.45	14.12	42.38	1000	157.90	32.31	39.88
Canada	229.00	88.68	205.87	1000	17.78	38.38	38.38
Germany	230.00	84.63	205.87	1000	17.78	38.38	38.38
France	317.70	289.57	289.57	1000	17.78	38.38	38.38
Italy	289.10	0.2	4.2	1000	17.78	38.38	38.38
Spain	30.45	89.97	289.57	1000	17.78	38.38	38.38
Japan	140.00	32.28	35.2	1000	17.78	38.38	38.38
Belgium	50.82	59.65	52.50	1000	17.78	38.38	38.38
Denmark	103.57	277.29	289.57	1000	17.78	38.38	38.38
Norway	24.17	391.32	352.50	1000	17.78	38.38	38.38
Sweden	22.89	240.29	289.57	1000	17.78	38.38	38.38
Switzerland	2.62	106.75	352.50	1000	17.78	38.38	38.38
Finland	2.72	14.3	352.50	1000	17.78	38.38	38.38
Hong Kong	12.84	35.2	352.50	1000	17.78	38.38	38.38
Malaysia	4.03	34.3	352.50	1000	17.78	38.38	38.38
Singapore	2.37	37.33	352.50	1000	17.78	38.38	38.38

Other Spot Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
Argentina	166.45	14.12	42.38	1000	157.90	32.31	39.88
Australia	229.00	88.68	205.87	1000	17.78	38.38	38.38
Brazil	317.70	289.57	289.57	1000	17.78	38.38	38.38
Canada	289.10	0.2	4.2	1000	17.78	38.38	38.38
France	30.45	89.97	289.57	1000	17.78	38.38	38.38
Germany	140.00	32.28	35.2	1000	17.78	38.38	38.38
Italy	50.82	59.65	52.50	1000	17.78	38.38	38.38
Japan	103.57	277.29	289.57	1000	17.78	38.38	38.38
Norway	24.17	391.32	352.50	1000	17.78	38.38	38.38
Sweden	22.89	240.29	289.57	1000	17.78	38.38	38.38
Switzerland	2.62	106.75	352.50	1000	17.78	38.38	38.38
Finland	2.72	14.3	352.50	1000	17.78	38.38	38.38
Hong Kong	12.84	35.2	352.50	1000	17.78	38.38	38.38
Malaysia	4.03	34.3	352.50	1000	17.78	38.38	38.38
Singapore	2.37	37.33	352.50	1000	17.78	38.38	38.38

Forward rates quoted high to low are at a discount; subtract from spot rate. Rates quoted low to high are at a premium; add to spot rate. *Dollar rates quoted as reciprocals. For the latest foreign exchange rates call 0891 123 3033. Calls cost 50p per minute.

Interest Rates

Country	Rate	Country	Rate	Country	Rate	Country	Rate
UK	6.50%	Germany	2.50%	US	6.50%	Japan	0.50%
France	3.00%	Denmark	4.50%	France	3.00%	Denmark	4.50%
Italy	3.00%	Spain	4.50%	Italy	3.00%	Spain	4.50%
Belgium	2.50%	Sweden	2.50%	Belgium	2.50%	Sweden	2.50%
Netherlands	2.50%	Switzerland	2.50%	Netherlands	2.50%	Switzerland	2.50%
Portugal	2.50%	Australia	2.50%	Portugal	2.50%	Australia	2.50%

Bond Yields

Country	Rate	Country	Rate	Country	Rate	Country	Rate
UK	7.0%	Germany	2.5%	US	6.5%	Japan	0.5%
France	3.0%	Denmark	4.5%	France	3.0%	Denmark	4.5%
Italy	3.0%	Spain	4.5%	Italy	3.0%	Spain	4.5%
Belgium	2.5%	Sweden	2.5%	Belgium	2.5%	Sweden	2.5%
Netherlands	2.5%	Switzerland	2.5%	Netherlands	2.5%	Switzerland	2.5%
Portugal	2.5%	Australia	2.5%	Portugal	2.5%	Australia	2.5%

Money Market Rates

Country	Rate	Country	Rate	Country	Rate	Country	Rate
UK	6.50%	Germany	2.50%	US	6.50%	Japan	0.50%
France	3.00%	Denmark	4.50%	France	3.00%	Denmark	4.50%
Italy	3.00%	Spain	4.50%	Italy	3.00%	Spain	4.50%
Belgium	2.50%	Sweden	2.50%	Belgium	2.50%	Sweden	2.50%
Netherlands	2.50%	Switzerland	2.50%	Netherlands	2.50%	Switzerland	2.50%
Portugal	2.50%	Australia	2.50%	Portugal	2.50%	Australia	2.50%

Tourist Rates

Country	Rate	Country	Rate	Country	Rate	Country	Rate
UK	6.50%	Germany	2.50%	US	6.50%	Japan	0.50%
France	3.00%	Denmark	4.50%	France	3.00%	Denmark	4.50%
Italy	3.00%	Spain	4.50%	Italy	3.00%	Spain	4.50%
Belgium	2.50%	Sweden	2.50%	Belgium	2.50%	Sweden	2.50%
Netherlands	2.50%	Switzerland	2.50%	Netherlands	2.50%	Switzerland	2.50%
Portugal	2.50%	Australia	2.50%	Portugal	2.50%	Australia	2.50%

Life Financial Futures

Contract	Settlement	High/Low	Settlement	Open
Long Bond	115.90	114.18	115.90	115.90
Short Bond	115.90	114.18	115.90	115.90
Long Euro	115.90	114.18	115.90	115.90
Short Euro	115.90	114.18	115.90	115.90
Long Yen	115.90	114.18	115.90	115.90
Short Yen	115.90	114.18	115.90	115.90

Life FTSE 100 Index Option

Contract	Settlement	High/Low	Settlement	Open
Long Bond	115.90	114.18	115.90	115.90
Short Bond	115.90	114.18	115.90	115.90
Long Euro	115.90	114.18	115.90	115.90
Short Euro	115.90	114.18	115.90	115.90
Long Yen	115.90	114.18	115.90	115.90
Short Yen	115.90	114.18	115.90	115.90

Energy

Contract	Settlement	High/Low	Settlement	Open
Long Bond	115.90	114.18	115.90	115.90
Short Bond	115.90	114.18	115.90	115.90
Long Euro	115.90	114.18	115.90	115.90
Short Euro	115.90	114.18	115.90	115.90
Long Yen	115.90	114.18	115.90	115.90
Short Yen	115.90	114.18	115.90	115.90

Commodity Indices

Contract	Settlement	High/Low	Settlement	Open
Long Bond	115.90	114.18	115.90	115.90
Short Bond	115.90	114.18	115.90	115.90
Long Euro	115.90	114.18	115.90	115.90
Short Euro	115.90	114.18	115.90	115.90
Long Yen	115.90	114.18	115.90	115.90
Short Yen	115.90	114.18	115.90	115.90

Industrial Metals

Contract	Settlement	High/Low	Settlement	Open
Long Bond	115.90	114.18	115.90	115.90
Short Bond	115.90	114.18	115.90	115.90
Long Euro	115.90	114.18	115.90	115.90
Short Euro	115.90	114.18	115.90	115.90
Long Yen	115.90	114.18	115.90	115.90
Short Yen	115.90	114.18	115.90	115.90

Precious Metals

Contract	Settlement	High/Low	Settlement	Open
Long Bond	115.90	114.18	115.90	115.90
Short Bond	115.90	114.18	115.90	115.90
Long Euro	115.90	114.18	115.90	115.90
Short Euro	115.90	114.18	115.90	115.90
Long Yen	115.90	114.18	115.90	115.90
Short Yen	115.90	114.18	115.90	115.90

Agricultural

Contract	Settlement	High/Low	Settlement	Open
Long Bond	115.90	114.18	115.90	115.90
Short Bond	115.90	114.18	115.90	115.90
Long Euro	115.90	114.18	115.90	115.90
Short Euro	115.90	114.18	115.90	115.90
Long Yen	115.90	114.18	115.90	115.90
Short Yen	115.90	114.18	115.90	115.90

Other

sport

WIMBLEDON 97



Britain's Mark Petchey, who was stretched to breaking point by the former champion Boris Becker on No 1 Court yesterday

Photograph: David Ashdown

Novotna swimming against the tide

GUY HODGSON

Like grapes in a supermarket, the women's singles at Wimbledon is becoming seedless. Six fell on Sunday and Monica Seles followed yesterday, which makes the theory that the women's game has less depth than a 20p piece as difficult to stand up as the coin itself.

Jana Novotna, Mary Pierce, Arantxa Sanchez Vicario and Mary Joe Fernandez did not do laps of honour when they took their appointed places in the last 16, but given the way the rest of the fancied runners are performing perhaps they should have done. A seed winning nearly amounts to a shock in the current climate.

No one more so than Novotna, who exudes such a fragile air since her collapse in the 1993 final that you fear she might lose after she's shaken hands on a beaten opponent. She defeated Gala Leon Garcia 6-4, 6-2 although if that suggests a commanding performance the impression is wrong. Advantage Miss Novotna was not just a score but a description of a player who was nearly as bad as she was good.

"I think it was much better," the third seed said before registering the flaws. "Nevertheless

there were points I wasn't really happy with. Maybe I was just too focused or too concentrated and sometimes I made a silly mistake. I need to relax and enjoy it."

Novotna relax? That will be the day. Yesterday she explored the extremes in alarmingly quick fashion. Novotna broke Leon Garcia to love in the first game but had two double-faults in her first service game and required three deuces to hold. The serve and volley game, by its charge, is never an exact science but she is more erratic than most.

Still, she survived to face Fernandez in the fourth round, which put her on solid ground

as she surveyed the horizon. "I saw that Monica lost but it doesn't mean the whole bottom of the draw is open. Whoever beat Monica must have played really well."

Asked whether the women's game is in a state of flux, she replied: "We are seeing a changing of the guard."

As for her own longevity, the 28-year-old Czech attributed it to a fitness regime. "When I look round the locker room the other players don't have that," she said. "I keep telling myself to work hard but also not only to take from your body but give back. That's the important part for staying healthy."

A fully fledged member of the old battalion is Spain's Sanchez Vicario, who has been in the final for the last two years but who was playing so poorly and infrequently earlier in the year she was being likened to Andre Agassi of the women's tour. Now the comparison to Agassi circa 1992, when he won, is looking more valid.

In the first round the slimmed-down eighth seed's 6-0, 6-0 demolition of Clare Wood was more a reflection on her excellence than on the former British No 1, while yesterday she swept away Argentina's Florencia Labat 6-2, 6-4 in 45 minutes. The fact she lost only six points on her serve underlined the gulf between them.

"I've started better than past years," Sanchez, who last lost to anyone other than Steffi Graf at Wimbledon in 1994, said. "I feel more comfortable on grass and I've had a good preparation."

That included a shared, rain-out final, against Novotna at Eastbourne. Mary Pierce, the ninth seed, was barely troubled by Magui Serna, who was the junior Wimbledon runner-up last year, and who has risen to No 51 in the world rankings in her debut season.

That surge was halted dead in its tracks 6-4, 6-3. She will now meet Sanchez Vicario in what threatens to be the tie of the fourth round.

Tim Henman makes his mark on an admiring fan before practising at Wimbledon yesterday

Court circular

Hard knocks for the lush lawn

Centre Court, the pride of Wimbledon, took a battering from the seeds yesterday, with Pete Sampras comparing the hallowed surface with cement and Jana Novotna declaring the bounce was about as true as life on the moon.

Sampras, the No 1 seed who knows the court like his back-hand having won three championships on the manicured meadow, played there for the first time in the current championships and was not impressed.

"I couldn't believe it in the warm-up," he said after burying Byron Black of Zimbabwe, 6-1, 6-2, 6-2. "It was very chewed up. There was no grass in the middle and some areas were like cement. I've never seen it so chopped up."

Novotna, the women's No 9 seed who preceded Sampras on court, was just as forthright. "You never get a decent bounce. It's really badly damaged," said the Czech after her straight-sets victory over Spain's Gala Leon Garcia.

The volleys forced head groundsman Eddie Seaward to abandon his roller and assure the players that all was well. "We have always tried to achieve perfect playing conditions on all our courts," he said. "I am obviously concerned about the condition of Centre Court, but we are increasing the air flow through the night with the use of fans, and once the moisture has dried out, I am confident the court will become firmer, look better and continue to perform well."



Tim Henman makes his mark on an admiring fan before practising at Wimbledon yesterday

Photograph: PA

Cross is happy

Karen Cross and Lorna Woodroffe, the only two British women to win singles matches at Wimbledon this week, will receive an extra bonus when the Women's Tennis Association announces their latest rankings next Monday.

For the first time, Cross, the bubbly Devon left-hander, and the 20-year-old Surrey player Woodroffe, will both move into the world's top 200 and will also be ranked No 2 and No 3 in Britain behind Sam Smith.

Cross collected a massive 96.5 points - 16.5 for winning three qualifying matches, 44 for beating American Linda Wild

and Spaniard Maria Sanchez Lorenzo in the first two rounds. Plus 38 British points because world No 44 Wild and Sanchez Lorenzo, ranked No 71, were so far ahead of her on the computer.

The 23-year-old from Exeter started Wimbledon at world No 322 and British No 8, but is expected to climb as high as No 147 next Monday.

Woodroffe, improving all year, started the Championships at world No 242 and British No 5. She gained 49 points in total for beating 18-year-old Swiss prodigy and world No 33 Patty Schnyder in the first round and will jump to No 166.

DEEDS OF THE SEEDS

Men's singles	Women's singles
Holder: Richard Krajicek (Netherlands)	Holder: Steffi Graf (Germany)
1 SAMPRAS (USA) vs 16 BLACK (CZE) 6-1 6-2 6-2	1 NOVOTNA (CZE) vs 16 WOODROFFE (GBR) 6-1 6-2 6-2
2 RUSSELSKI (GBR) vs 17 PIERCE (FRA) 6-1 6-2 6-2	2 SELES (USA) vs 17 GARCIA (ESP) 6-1 6-2 6-2
3 SANCHEZ VICARIO (ESP) vs 18 WOODBRIDGE (AUS) 6-1 6-2 6-2	3 WOODROFFE (GBR) vs 18 WOODROFFE (GBR) 6-1 6-2 6-2
4 RAFTER (AUS) vs 19 WOODBRIDGE (AUS) 6-1 6-2 6-2	4 WOODROFFE (GBR) vs 19 WOODROFFE (GBR) 6-1 6-2 6-2
5 SANCHEZ VICARIO (ESP) vs 20 WOODBRIDGE (AUS) 6-1 6-2 6-2	5 WOODROFFE (GBR) vs 20 WOODROFFE (GBR) 6-1 6-2 6-2
6 RAFTER (AUS) vs 21 WOODBRIDGE (AUS) 6-1 6-2 6-2	6 WOODROFFE (GBR) vs 21 WOODROFFE (GBR) 6-1 6-2 6-2
7 SANCHEZ VICARIO (ESP) vs 22 WOODBRIDGE (AUS) 6-1 6-2 6-2	7 WOODROFFE (GBR) vs 22 WOODROFFE (GBR) 6-1 6-2 6-2
8 RAFTER (AUS) vs 23 WOODBRIDGE (AUS) 6-1 6-2 6-2	8 WOODROFFE (GBR) vs 23 WOODROFFE (GBR) 6-1 6-2 6-2
9 SANCHEZ VICARIO (ESP) vs 24 WOODBRIDGE (AUS) 6-1 6-2 6-2	9 WOODROFFE (GBR) vs 24 WOODROFFE (GBR) 6-1 6-2 6-2
10 RAFTER (AUS) vs 25 WOODBRIDGE (AUS) 6-1 6-2 6-2	10 WOODROFFE (GBR) vs 25 WOODROFFE (GBR) 6-1 6-2 6-2
11 SANCHEZ VICARIO (ESP) vs 26 WOODBRIDGE (AUS) 6-1 6-2 6-2	11 WOODROFFE (GBR) vs 26 WOODROFFE (GBR) 6-1 6-2 6-2
12 RAFTER (AUS) vs 27 WOODBRIDGE (AUS) 6-1 6-2 6-2	12 WOODROFFE (GBR) vs 27 WOODROFFE (GBR) 6-1 6-2 6-2
13 SANCHEZ VICARIO (ESP) vs 28 WOODBRIDGE (AUS) 6-1 6-2 6-2	13 WOODROFFE (GBR) vs 28 WOODROFFE (GBR) 6-1 6-2 6-2
14 RAFTER (AUS) vs 29 WOODBRIDGE (AUS) 6-1 6-2 6-2	14 WOODROFFE (GBR) vs 29 WOODROFFE (GBR) 6-1 6-2 6-2
15 SANCHEZ VICARIO (ESP) vs 30 WOODBRIDGE (AUS) 6-1 6-2 6-2	15 WOODROFFE (GBR) vs 30 WOODROFFE (GBR) 6-1 6-2 6-2
16 RAFTER (AUS) vs 31 WOODBRIDGE (AUS) 6-1 6-2 6-2	16 WOODROFFE (GBR) vs 31 WOODROFFE (GBR) 6-1 6-2 6-2
17 SANCHEZ VICARIO (ESP) vs 32 WOODBRIDGE (AUS) 6-1 6-2 6-2	17 WOODROFFE (GBR) vs 32 WOODROFFE (GBR) 6-1 6-2 6-2
18 RAFTER (AUS) vs 33 WOODBRIDGE (AUS) 6-1 6-2 6-2	18 WOODROFFE (GBR) vs 33 WOODROFFE (GBR) 6-1 6-2 6-2
19 SANCHEZ VICARIO (ESP) vs 34 WOODBRIDGE (AUS) 6-1 6-2 6-2	19 WOODROFFE (GBR) vs 34 WOODROFFE (GBR) 6-1 6-2 6-2
20 RAFTER (AUS) vs 35 WOODBRIDGE (AUS) 6-1 6-2 6-2	20 WOODROFFE (GBR) vs 35 WOODROFFE (GBR) 6-1 6-2 6-2
21 SANCHEZ VICARIO (ESP) vs 36 WOODBRIDGE (AUS) 6-1 6-2 6-2	21 WOODROFFE (GBR) vs 36 WOODROFFE (GBR) 6-1 6-2 6-2
22 RAFTER (AUS) vs 37 WOODBRIDGE (AUS) 6-1 6-2 6-2	22 WOODROFFE (GBR) vs 37 WOODROFFE (GBR) 6-1 6-2 6-2
23 SANCHEZ VICARIO (ESP) vs 38 WOODBRIDGE (AUS) 6-1 6-2 6-2	23 WOODROFFE (GBR) vs 38 WOODROFFE (GBR) 6-1 6-2 6-2
24 RAFTER (AUS) vs 39 WOODBRIDGE (AUS) 6-1 6-2 6-2	24 WOODROFFE (GBR) vs 39 WOODROFFE (GBR) 6-1 6-2 6-2
25 SANCHEZ VICARIO (ESP) vs 40 WOODBRIDGE (AUS) 6-1 6-2 6-2	25 WOODROFFE (GBR) vs 40 WOODROFFE (GBR) 6-1 6-2 6-2
26 RAFTER (AUS) vs 41 WOODBRIDGE (AUS) 6-1 6-2 6-2	26 WOODROFFE (GBR) vs 41 WOODROFFE (GBR) 6-1 6-2 6-2
27 SANCHEZ VICARIO (ESP) vs 42 WOODBRIDGE (AUS) 6-1 6-2 6-2	27 WOODROFFE (GBR) vs 42 WOODROFFE (GBR) 6-1 6-2 6-2
28 RAFTER (AUS) vs 43 WOODBRIDGE (AUS) 6-1 6-2 6-2	28 WOODROFFE (GBR) vs 43 WOODROFFE (GBR) 6-1 6-2 6-2
29 SANCHEZ VICARIO (ESP) vs 44 WOODBRIDGE (AUS) 6-1 6-2 6-2	29 WOODROFFE (GBR) vs 44 WOODROFFE (GBR) 6-1 6-2 6-2
30 RAFTER (AUS) vs 45 WOODBRIDGE (AUS) 6-1 6-2 6-2	30 WOODROFFE (GBR) vs 45 WOODROFFE (GBR) 6-1 6-2 6-2
31 SANCHEZ VICARIO (ESP) vs 46 WOODBRIDGE (AUS) 6-1 6-2 6-2	31 WOODROFFE (GBR) vs 46 WOODROFFE (GBR) 6-1 6-2 6-2
32 RAFTER (AUS) vs 47 WOODBRIDGE (AUS) 6-1 6-2 6-2	32 WOODROFFE (GBR) vs 47 WOODROFFE (GBR) 6-1 6-2 6-2
33 SANCHEZ VICARIO (ESP) vs 48 WOODBRIDGE (AUS) 6-1 6-2 6-2	33 WOODROFFE (GBR) vs 48 WOODROFFE (GBR) 6-1 6-2 6-2
34 RAFTER (AUS) vs 49 WOODBRIDGE (AUS) 6-1 6-2 6-2	34 WOODROFFE (GBR) vs 49 WOODROFFE (GBR) 6-1 6-2 6-2
35 SANCHEZ VICARIO (ESP) vs 50 WOODBRIDGE (AUS) 6-1 6-2 6-2	35 WOODROFFE (GBR) vs 50 WOODROFFE (GBR) 6-1 6-2 6-2
36 RAFTER (AUS) vs 51 WOODBRIDGE (AUS) 6-1 6-2 6-2	36 WOODROFFE (GBR) vs 51 WOODROFFE (GBR) 6-1 6-2 6-2
37 SANCHEZ VICARIO (ESP) vs 52 WOODBRIDGE (AUS) 6-1 6-2 6-2	37 WOODROFFE (GBR) vs 52 WOODROFFE (GBR) 6-1 6-2 6-2
38 RAFTER (AUS) vs 53 WOODBRIDGE (AUS) 6-1 6-2 6-2	38 WOODROFFE (GBR) vs 53 WOODROFFE (GBR) 6-1 6-2 6-2
39 SANCHEZ VICARIO (ESP) vs 54 WOODBRIDGE (AUS) 6-1 6-2 6-2	39 WOODROFFE (GBR) vs 54 WOODROFFE (GBR) 6-1 6-2 6-2
40 RAFTER (AUS) vs 55 WOODBRIDGE (AUS) 6-1 6-2 6-2	40 WOODROFFE (GBR) vs 55 WOODROFFE (GBR) 6-1 6-2 6-2
41 SANCHEZ VICARIO (ESP) vs 56 WOODBRIDGE (AUS) 6-1 6-2 6-2	41 WOODROFFE (GBR) vs 56 WOODROFFE (GBR) 6-1 6-2 6-2
42 RAFTER (AUS) vs 57 WOODBRIDGE (AUS) 6-1 6-2 6-2	42 WOODROFFE (GBR) vs 57 WOODROFFE (GBR) 6-1 6-2 6-2
43 SANCHEZ VICARIO (ESP) vs 58 WOODBRIDGE (AUS) 6-1 6-2 6-2	43 WOODROFFE (GBR) vs 58 WOODROFFE (GBR) 6-1 6-2 6-2
44 RAFTER (AUS) vs 59 WOODBRIDGE (AUS) 6-1 6-2 6-2	44 WOODROFFE (GBR) vs 59 WOODROFFE (GBR) 6-1 6-2 6-2
45 SANCHEZ VICARIO (ESP) vs 60 WOODBRIDGE (AUS) 6-1 6-2 6-2	45 WOODROFFE (GBR) vs 60 WOODROFFE (GBR) 6-1 6-2 6-2
46 RAFTER (AUS) vs 61 WOODBRIDGE (AUS) 6-1 6-2 6-2	46 WOODROFFE (GBR) vs 61 WOODROFFE (GBR) 6-1 6-2 6-2
47 SANCHEZ VICARIO (ESP) vs 62 WOODBRIDGE (AUS) 6-1 6-2 6-2	47 WOODROFFE (GBR) vs 62 WOODROFFE (GBR) 6-1 6-2 6-2
48 RAFTER (AUS) vs 63 WOODBRIDGE (AUS) 6-1 6-2 6-2	48 WOODROFFE (GBR) vs 63 WOODROFFE (GBR) 6-1 6-2 6-2
49 SANCHEZ VICARIO (ESP) vs 64 WOODBRIDGE (AUS) 6-1 6-2 6-2	49 WOODROFFE (GBR) vs 64 WOODROFFE (GBR) 6-1 6-2 6-2
50 RAFTER (AUS) vs 65 WOODBRIDGE (AUS) 6-1 6-2 6-2	50 WOODROFFE (GBR) vs 65 WOODROFFE (GBR) 6-1 6-2 6-2
51 SANCHEZ VICARIO (ESP) vs 66 WOODBRIDGE (AUS) 6-1 6-2 6-2	51 WOODROFFE (GBR) vs 66 WOODROFFE (GBR) 6-1 6-2 6-2
52 RAFTER (AUS) vs 67 WOODBRIDGE (AUS) 6-1 6-2 6-2	52 WOODROFFE (GBR) vs 67 WOODROFFE (GBR) 6-1 6-2 6-2
53 SANCHEZ VICARIO (ESP) vs 68 WOODBRIDGE (AUS) 6-1 6-2 6-2	53 WOODROFFE (GBR) vs 68 WOODROFFE (GBR) 6-1 6-2 6-2
54 RAFTER (AUS) vs 69 WOODBRIDGE (AUS) 6-1 6-2 6-2	54 WOODROFFE (GBR) vs 69 WOODROFFE (GBR) 6-1 6-2 6-2
55 SANCHEZ VICARIO (ESP) vs 70 WOODBRIDGE (AUS) 6-1 6-2 6-2	55 WOODROFFE (GBR) vs 70 WOODROFFE (GBR) 6-1 6-2 6-2
56 RAFTER (AUS) vs 71 WOODBRIDGE (AUS) 6-1 6-2 6-2	56 WOODROFFE (GBR) vs 71 WOODROFFE (GBR) 6-1 6-2 6-2
57 SANCHEZ VICARIO (ESP) vs 72 WOODBRIDGE (AUS) 6-1 6-2 6-2	57 WOODROFFE (GBR) vs 72 WOODROFFE (GBR) 6-1 6-2 6-2
58 RAFTER (AUS) vs 73 WOODBRIDGE (AUS) 6-1 6-2 6-2	58 WOODROFFE (GBR) vs 73 WOODROFFE (GBR) 6-1 6-2 6-2
59 SANCHEZ VICARIO (ESP) vs 74 WOODBRIDGE (AUS) 6-1 6-2 6-2	59 WOODROFFE (GBR) vs 74 WOODROFFE (GBR) 6-1 6-2 6-2
60 RAFTER (AUS) vs 75 WOODBRIDGE (AUS) 6-1 6-2 6-2	60 WOODROFFE (GBR) vs 75 WOODROFFE (GBR) 6-1 6-2 6-2
61 SANCHEZ VICARIO (ESP) vs 76 WOODBRIDGE (AUS) 6-1 6-2 6-2	61 WOODROFFE (GBR) vs 76 WOODROFFE (GBR) 6-1 6-2 6-2
62 RAFTER (AUS) vs 77 WOODBRIDGE (AUS) 6-1 6-2 6-2	62 WOODROFFE (GBR) vs 77 WOODROFFE (GBR) 6-1 6-2 6-2
63 SANCHEZ VICARIO (ESP) vs 78 WOODBRIDGE (AUS) 6-1 6-2 6-2	63 WOODROFFE (GBR) vs 78 WOODROFFE (GBR) 6-1 6-2 6-2
64 RAFTER (AUS) vs 79 WOODBRIDGE (AUS) 6-1 6-2 6-2	64 WOODROFFE (GBR) vs 79 WOODROFFE (GBR) 6-1 6-2 6-2
65 SANCHEZ VICARIO (ESP) vs 80 WOODBRIDGE (AUS) 6-1 6-2 6-2	65 WOODROFFE (GBR) vs 80 WOODROFFE (GBR) 6-1 6-2 6-2
66 RAFTER (AUS) vs 81 WOODBRIDGE (AUS) 6-1 6-2 6-2	66 WOODROFFE (GBR) vs 81 WOODROFFE (GBR) 6-1 6-2 6-2
67 SANCHEZ VICARIO (ESP) vs 82 WOODBRIDGE (AUS) 6-1 6-2 6-2	67 WOODROFFE (GBR) vs 82 WOODROFFE (GBR) 6-1 6-2 6-2
68 RAFTER (AUS) vs 83 WOODBRIDGE (AUS) 6-1 6-2 6-2	68 WOODROFFE (GBR) vs 83 WOODROFFE (GBR) 6-1 6-2 6-2
69 SANCHEZ VICARIO (ESP) vs 84 WOODBRIDGE (AUS) 6-1 6-2 6-2	69 WOODROFFE (GBR) vs 84 WOODROFFE (GBR) 6-1 6-2 6-2
70 RAFTER (AUS) vs 85 WOODBRIDGE (AUS) 6-1 6-2 6-2	70 WOODROFFE (GBR) vs 85 WOODROFFE (GBR) 6-1 6-2 6-2
71 SANCHEZ VICARIO (ESP) vs 86 WOODBRIDGE (AUS) 6-1 6-2 6-2	71 WOODROFFE (GBR) vs 86 WOODROFFE (GBR) 6-1 6-2 6-2
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73 SANCHEZ VICARIO (ESP) vs 88 WOODBRIDGE (AUS) 6-1 6-2 6-2	73 WOODROFFE (GBR) vs 88 WOODROFFE (GBR) 6-1 6-2 6-2
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80 RAFTER (AUS) vs 95 WOODBRIDGE (AUS) 6-1 6-2 6-2	80 WOODROFFE (GBR) vs 95 WOODROFFE (GBR) 6-1 6-2 6-2
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THE NUMBERS GAME

- 31,204 The number who turned up for People's Sunday 6-30 up on the previous middle Sunday in 1991.
- 9 The number of women seeds who are no longer in the competition.
- 37 The number of minutes before Sandrine Testud won her first game during her shock victory over Monica Seles.
- 3 The number of Americans still in the singles - Sampras and Renshaw in the men, Mary Jo Fernandez in the women.
- 12.5m The number of viewers who watched Tim Henman beat Paul Haarhuis on BBC TV.
- 8-1 The odds on Greg Rusedski winning Wimbledon. Sampras is 11/8 favourite. Henman is 16-1.

TODAY'S WEATHER

Mainly cloudy, showers developing. Maximum temp 18C

Game set and watch.

OFFICIAL TIMEKEEPER TO THE CHAMPIONSHIPS, WIMBLEDON

Krajicek's confidence grows on grass

When Richard Krajicek needed inspiration last year he watched a video of Bravelyheart. He saw enough hostile Englishmen then and he will be confronted by many more today when he meets Tim Henman and he is clearly unhappy. Had the crowd helped Henman? "That's too difficult," he replied, his diplomacy not entirely concealing his anger.

If the match was being played in Paris or New York, Krajicek would be a strong favourite as Henman is short of match practice since the operation on his elbow in March. At a wet Wimbledon, where he had less form to lose in the rain delays than

Krajicek, the fourth seed, described the prospect as "very interesting" after he had defeated David Rikl in the previous round but his compatriot Haarhuis might tell him otherwise. The Dutchman had a face like thunder as he left the Hen-fest on Centre Court and he was clearly unhappy. Had the crowd helped Henman? "That's too difficult," he replied, his diplomacy not entirely concealing his anger.

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Guy Hodgson looks at the task ahead for Britons Henman and Rusedski

most, the equation becomes more complicated. "I'm serving very big," Krajicek said, "but I'd like to be more consistent with my returns. I'm getting there."

That mental equilibrium has been achieved by Krajicek's coming to terms with the surface. Monica Seles says that you have the battle half won if you accept the grass, warts and all, and the Dutchman has got bet-

ter at Wimbledon as he has learned to forget the occasional bad bounce. On Sunday he even welcomed that the turf was beginning to wear.

Krajicek has a serve that encourages comparisons with a blacksmith's blow on the anvil but that will not necessarily discourage Henman, who is finding force easier to face on the unpredictable surface than guide. "It's funny the way the court is playing," Henman said. "It's sometimes easier to return the first serve. The second comes through the air quickly and as soon as it hits the court it can be

bouncing in all directions; [then] it comes through slowly, which I don't find particularly easy."

From a statistical point of view he's the favourite. He's the defending champion and he's ranked higher than me but that's not the way I'll approach it. I'll just concentrate on my own game, firmly believing I can come out with a win."

Greg Rusedski, Henman's friend and rival, feels today's result lies with Krajicek. "When Richard played Michael Stich and Pete Sampras last year they were probably two of the best matches I've seen on grass. For those two weeks I don't think anyone could have beaten him. If he brings that form it's going to be awfully tough for

Tim. But he hasn't shown it yet."

Rusedski has reason to feel more confident about his own prospects, because his American opponent today, Richey Reneberg, is ranked 46 places below him. Indeed, it is difficult to envisage a scenario that could be more favourable for the British No 2 in the second week of Wimbledon. Not only is he playing well - one defeat in 13 matches - but the draw has opened up so that he will not have to meet a seed until the semi-finals.

"My next match is not easy," Rusedski said, "because Richey returns so well. I can't really look to the semi, because if you're looking that far ahead you might not be there."

TODAY'S ORDER OF PLAY

(Noon start on Centre Court and No 1 Court; 11am starts on outside courts)

Centre Court
A SANCHEZ-VICARIO (Sp) v M PIERCE (Fr)
M RIOS (Chile) v B BECKER (Ger)
T HENMAN (GB) v R KRAJICEK (Neth)

Court One
G Rusedski (GB) v R Reneberg (US)
M J FERNANDEZ (US) v J NOVOTNA (Cz Rep)
P SAMPRAS (US) v P KORDA (Cz Rep)

Court Two
P RAFTER (Aus) v

Springbok backlash?

Chris Hewett reports from Johannesburg, page 31

sport

Juninho in demand

Spurs and Atletico Madrid make rival bids, page 29

Testud a test too far for Seles

Tennis

RICHARD EDMONDSON reports from Wimbledon

Monica Seles, one of the darlings of People's Sunday, showed she does not like Mondays yesterday. The No 2 seed, a constant underdog, was helped out of this year's Wimbledon by the world No 23, Sandrine Testud, of France.

Seles's dismissal will hurt those who supported her rancorously through a second-round match with Katrina Brandi on Sunday. The naturalised American has become a popular figure in SW19 since misfortune planted several kisses on her cheek. Over two years of her career disappeared when she was stabbed in Hamburg and, more recently, her father Karolj was struck down by cancer.

After her defeat, Seles promised she would return to Wimbledon and attempt to fill newspaper for reasons more glorious and pertinent than her weight and grunting habit. "I would love to win Wimbledon and hopefully I have a few more years to try at it," she said. "I still believe I can win it and I don't believe I would be out there if that wasn't the case."

The scene of the capitulation was the airy No 3 Court, where the visible cameras are on the fringes of the arena and not mounted in machine-gun nests as elsewhere on the campus. The immediate projectiles on the battle ground came from Seles. Testud won just nine points in a first set that occupied 21 minutes of clean destruction from Seles. There was little in the way of sweet science as the American clubbed away on either wing with the finality of an assassin on the ice floe. At the beginning of the second set, however, there arrived a sea change. "She [Testud] started playing well on the key points and never gave up," Seles reported later. "She stopped making a lot of unforced errors and was serving very well when it counted."

The No 2 seed's relative im-

mobility was exposed by a series of drop shots, and the continued openings created by her murderous ground shots were negated by a failure to advance. Seles treats a net with the same suspicion as a sockeye salmon, an element highlighted by the fact she did not play a single smash in the match.

At the beginning of the third set, the whiff of an upset was around a court packed to the gunwales and later augmented by spectators pogoing and climbing on friends' shoulders behind the canvas backdrop. Seles gave her supporters a lift by assembling a 5-2 lead in the deciding by employing superior court craft and experience.

If, for simplicity's sake, a turning point has to be identified, it came when she was serving for the match at 5-3. A forehand from Testud was called long by the baseline judge but right by the umpire, Jane Harvey. The overrule left Seles at 0-30 and with a gremlin of disenchantment in her mind. "It didn't come at a great time, but I still shouldn't have let it bother me that much," she said. "I was numbing to myself a little bit in that game and the next, too."

After that incident the fibres began snapping in the rope connecting Seles to the championships. There was the fleeting luxury of a match point at 6-5, but an ace down the middle, her sixth of the match, gave Testud a place in the fourth round two games later. "I think that women's tennis has improved a lot in the last few months and I think everybody is now beatable," the woman from Lyon said. "I mean, even the top 10 players, if they have a day when they don't play well it can be dangerous for them and they can lose."

The 25-year-old Seles is as agile as she has been for some time and she had a simple explanation for her new figure. "Love," she said. Seles's proportions have attracted greater interest this fortnight, following the grunting Wimbledon of 1992, when her exhalations were compared with the noise that comes from the honeymoon suite.

Now some seem to be suggesting she is on the bulky side,



Monica Seles (above) on her way out of Wimbledon yesterday, while Sandrine Testud (right) celebrates victory over the No 2 seed. Photographs: David Ashdown/Empics

and if Seles does indeed have a form from a Rubens canvas it is only in comparison with other near-skeletal bodies in the women's locker-room. "I don't think I'm at the ideal physical shape I would like to be," she said this week.

Seles is more a rounded figure in another sense these days, and there were no histrionics after her defeat as she later went out to partner Anke Huber successfully in a women's doubles. There are, she underlines, other things to worry about than the sticks and stones from the Fourth Estate. "To me it's hurtful a few times when they ask me questions and they are putting words in my mouth," she said this week. "But my Dad taught me to take all that in good spirits and

I know now that all comes with the territory."

Dad, who is also coach, could not be here this week as stomach cancer has confined him to his Florida home. He has attempted to watch his daughter's games live on television, but the excitement became such that he removed himself from the armchair and later watched tapes only after learning of the result. "It's really tough not to have

my Dad here and that's a little bit of why my game is suffering," Seles said. "It's a pretty tough time I'm going through right now, so I can't say I'm in the happiest period of my life in the last five years. It's a tough stage for me and I've just got to stick through it."

"But this is only a game, a sport, that I'm playing and what's going on outside in my life is much bigger than that."

Sampras leads the advance of big guns

JOHN ROBERTS

Tennis Correspondent

Before we become totally carried away with Heman and the Russian rave, it is worth remembering that we have in our midst the reigning champion, the reigning champion and the non-reigning champion.

Richard Krajicek, last year's sensation, aims to prove that he is not a one-time wonder, a fate which may befall the retiring Michael Stich, who should emerge through the downpour of 1991. Pete Sampras, whose poetic attacking style has been described as boring, dominated the lawns for three consecutive championships of almost unbroken sunshine between 1993 and 1995, and has the class to mop up on this occasion.

Ah, yes, and we must not overlook Boris Becker, who is so proud that his life as a tennis player was born on the grass courts of London, and who is expected to be Sampras's hurdle in the quarter-finals.

"The host country has had a few people in the third round and two in the fourth round, so it's normal, to be expected, that they write more about them," Becker said yesterday after dispatching Mark Petchey, of Essex, 6-3, 6-3, 6-2. "But I came here not to be so much in the newspapers in the morning, but to play tennis well. That's just fine with me. I've been in the newspaper so many times."

Sampras was asked if he would like to be afforded more attention since Andre Agassi was not here for him to sneak in behind. "Have you forgotten that Rusedski and Heman are still there?" the American

replied, smiling. "I prefer not really being talked about, not being the centre of attention, and just playing my tennis."

"When Agassi's here, he's really the centre of all the tabloids and stuff, and with Heman and Rusedski playing very well, that's perfect."

Having continued a trouble-free advance by defeating Byron Black, of Zimbabwe, 6-1, 6-2, 6-2, the world No 1 will meet Petr Korda in the fourth round. The tall, lean Czech left-hander defeated Sampras in an epic semi-final at the 1993 Compaq Grand Slam Cup in Munich.

Becker's next opponent is Marcelo Rios, a 21-year-old Chilean whose popularity at the French Open earned him the media's Lemon Award (Martina Hingis received the Orange). Rios's mood was probably not improved when another Latin American, the Brazilian Gustavo Kuerten, left Paris with the men's singles trophy.

It may disappoint Becker, though not surprise him, to learn that Rios has repeated Ivan Lendl's view that "grass for cows, soccer and golf." The young man's coach, Larry Stefanki, tried to smooth things over by saying, "In that case, I think Marcelo's turning into a cow."

Rios spent a good deal of time on the meadow of No 3 Court yesterday finding a way past John van Lottum, a 21-year-old Dutch qualifier, ranked No 366, 7-6, 6-3, 6-7, 6-4.

"I came three years ago and I got really pissed, complaining about every bounce when I couldn't hit the ball clean or play my game," Rios said. "I think my mentality has changed, and I get pissed a little bit, but not that much."

Becker will endeavour to make every bounce awkward

for Rios. He knows better than to take his opponent lightly, even on grass, from his experience of playing the Chilean on the clay of Monte Carlo last year. Rios defeated him in straight sets.

Becker said: "He's a very good counter-puncher. He plays with the power of the other guy, takes the ball early, and has a very good feel for the court. On a good day, he can be excellent. The surface doesn't matter. He has a good eye for everything."

So, too, does Yevgeny Kafelnikov, who appears to have cleared his mind of last year's agonising first-round defeat by Heman. The Russian No 3 seed defeated Australia's Jason Stoltenberg, a semi-finalist last year, 6-3, 7-6, 4-6, 6-3.

Not that Kafelnikov will view his fourth-round opponent with anything but respect. Nicolas Pietrangeli, a 20-year-old German, ranked No 98, continued to make an impressive debut. Yesterday he eliminated Andrei Medvedev, the Ukrainian No 13 seed, 6-4, 6-2, 6-7, 6-4.

Even allowing for the loss of Stoltenberg, the Australians are guaranteed a quarter-finalist. Pat Rafter is due to meet Todd Woodbridge in the fourth round.

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More reports, results, page 30

Tyson's bite puts his sport on the line

Boxing

MARY DEJEVSKY reports from Washington

As the Nevada State Athletic Commission prepared for today's disciplinary hearing into the sensational ear-biting conclusion to Saturday night's world heavyweight fight in Las Vegas, it was not just Mike Tyson's future, or his \$30m (£20m) purse, that were at stake in America, but the future of the sport of boxing itself.

Meanwhile Tyson himself — who celebrated his 31st birthday yesterday — was nowhere to be found.

On the second day after the fight, arguments were still raging about whether boxing or Tyson was primarily to blame. The director of the Nevada commission, Marc Ratner, described the outcome of the fight as "a sad day for boxing". A commentator for the right-wing *Washington Times*, Thom Loverro, said Tyson's action on Saturday night in twice biting chunks out of Evander Holyfield's ears had "changed the face of boxing".

The US boxing promoter Rock Newman blamed the presence of so many "bodyguards and hangers-on" in the ring at title fights these days, claiming that they had provoked the extraordinary scenes at the end of the Tyson fight.

Even the president of the United States, Bill Clinton, joined the debate. Asked to comment during a press conference at which he was presenting his latest tax cutting proposals, he said he was "horrified", but delicately tried to separate the sport from this one incident.

"I saw the fight," he said, "and until the biting incident happened, it was a good fight. I was horrified by it, and I think the American people are." He said he did not know what the role of the federal government should be in regulating boxing, but "as a fan, I was horrified".

There were, however, differing opinions as to whether Tyson should forfeit his purse for the fight and whether his career was now effectively over. The most charitable view came from a Newman, who said: "This guy put his life on the line and he deserves to be paid." The most severe judgment came from a number of professional sports commentators, who said that

Tyson should be barred for life.

Several noted that he risked returning to jail. Tyson is on parole after serving six years for rape, and could be returned to prison if the authorities decide to charge him with assault either for a blow he is allegedly struck at a Las Vegas police officer during the mêlée on Saturday night or for the action of biting Holyfield in the ring.

This eventuality was seen as unlikely — the police are not expected to press charges — but Holyfield's attorney, Jim Thomas, has confirmed that he will wait for the commission's verdict before deciding whether to pursue legal action against Tyson.

"I believe the action of Mike Tyson was actionable. Whether Evander Holyfield wants to do anything about that, we'll have to decide," Thomas said. "Both of us feel for the good of this sport, which Evander has put a lot into over the years, there needs to be serious consequences."

Whatever stance they took, and however distasteful they found the prospect, few US commentators were prepared to bet that there would never be a re-match.

In Britain meanwhile the British Boxing Board of Control has urged that strong action be taken against Tyson. Its general secretary, John Morris, has sent a personal letter to Ratner, in which he wrote: "Now world boxing will be watching Nevada for action. Obviously you may know mitigating circumstances that we could not, but it does seem as if only the sternest of decisions can rescue the image of the sport."

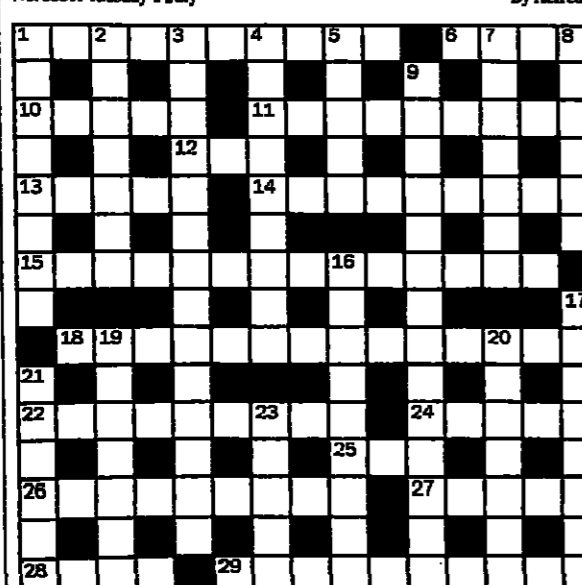
Amid general condemnation, there was one voice of support for Tyson from Britain — from the former world welterweight champion Lloyd Honeyghan. A friend of Tyson's, Honeyghan said: "Holyfield should stop being a big baby and get on and sign for the next fight. Holyfield head-butted in the first fight. And he did it again in this fight. It was a professional head-butt. We've all done these things if we can get away with them."

"I thought Mills Lane was the best referee in the world. But he was wrong this time. He never warned Holyfield. Mike got frustrated because the referee wasn't protecting him. I don't blame Tyson. I would have done the same — if I thought I'd get away with it."

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THE INDEPENDENT CROSSWORD

No. 3339. Tuesday 1 July By Asriel



- ACROSS**
- Judges report of revolutionary standards (10)
 - Not all stop using this musical work (4)
 - Laura performed for the listener (5)
 - Pager carries message of fright from one who might be stung? (9)
 - Perhaps dark blues will return after day two (3)
 - Colour will produce a cry of triumph in 2001 (5)
 - Traders alarmed about the French preparations for attack (3,6)
 - Silence about mirth on river from which none emerge alive? (14)
 - One new fanciful measure about communist is out of proportion (14)
 - Mankind has ring to it which sounds the same (9)
 - Fix those people, informally, somewhere to sleep (5)
 - Organised navy to pressing one (3)
 - Issue from Threadneedle Street? (4-5)
 - The money-attracting English sort of park? (5)
 - Cowardly old wife left the island (4)
 - Firm's success wrongly stated in takeovers (5,5)
 - British torture is hard and unpalatable (8)
 - Buddhist notion to fore in Iran oddity (7)
 - Keeping two on its board? (7,7)

- DOWN**
- Having stomach to follow wild boar about in tree park (9)
 - Reportedly want to prepare dough (5)
 - Hand over about a penny to get right American document (7)
 - Has short hair to highlight (6)
 - Came up about 7 as is clearly attested (4-10)
 - Beans finished, they didn't win first prize (7-2)
 - Not quick, defeated and very tired (4-4)
 - Arranging loan takes short time as is stated (7)
 - Morning facility keeps one in the vicinity (7)
 - Contralto's partner's fat (6)
 - Perform better as an unfashionable party (5)

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More reports, results, page 30

Courses, Diplomas and an MSc in Environmental Decision Making

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